is the subject of section 607. The Federal bank regulatory agencies periodically evaluate banks for their compliance with CRA and assign them one of four ratings: Outstanding, Satisfactory, Needs to Improve or Substantial Non-Compliance. In 1998, the agencies rated over 98 percent of banks as either Outstanding or Satisfactory, despite that fact that, for example, the banking industry has continued to deny the mortgage loan applications of African Americans and Latinos twice as frequently as those of whites. Thanks to databases compiled under the Home Mortgage Disclosure Act, HMDA, data are made available to show stark statistics about loan approvals and loan denials that banks are required to make public each year.

Mr. Chairman, I urge my colleagues to support Jackson-Lee No. 9 and support the legislation with this amendment and that of Mr. OXLEY.

Mr. SESSIONS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3800

Mr. LINDER. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 3800.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Georgia?

There was no objection.

GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1375 and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

FINANCIAL SERVICES REGULATORY RELIEF ACT OF 2003

The SPEAKER pro tempore (Mr. WALDEN of Oregon). Pursuant to House Resolution 566 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1375.

□ 1119

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1375) to provide regulatory relief and improve productivity for insured depository institutions, and for other purposes, with Mr. LAHOOD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Ohio (Mr. OXLEY) and the gentleman from Massachusetts (Mr. FRANK) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

Mr. OXLEY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I am pleased to bring to the floor today H.R. 1375, bipartisan legislation making a number of changes to Federal banking, thrift, and credit union laws that will enable these sectors of the financial services industry to operate more productively and provide a higher level of service to their customers.

I want to begin by recognizing the efforts of the principal sponsor of this legislation, a valued member of the Committee on Financial Services, the gentlewoman from West Virginia (Mrs. CAPITO), as well as her primary democratic cosponsor, the gentleman from Arkansas (Mr. ROSS). In putting together this legislation, the gentlewoman from West Virginia (Mrs. CAPITO) and the committee consulted extensively with the Federal banking and credit union regulators, as well as affected private sector parties, to fashion a package that, by removing unneeded or outdated legal restrictions, helps to maintain the competitive standing of the U.S. banking and financial services system that has no equal in the world.

In the aftermath of the September 11 terrorist attacks on America, President Bush and this Congress have called upon the financial services industry to play a major role in the effort to starve al Qaeda and like-minded organizations of the funds they need to inflict terror on the civilized world. Title III of the USA PATRIOT Act enacted shortly after the September 11 attacks imposes a host of new mandates and due diligence requirements on financial institutions designed to identify and block the movement of terrorist funds through the global financial system. Committee on Financial Services has conducted extensive oversight on the implementation of title III, and I think I speak for many members of the committee in applauding the seriousness and sense of commitment with which the financial services industry has gone about fulfilling the front-line responsibilities it has been asked to assume in the financial war against terrorism.

Shouldering these burdens is not without significant costs, of course. The changes made by the PATRIOT Act require banks and other depository institutions to devote significant compliance resources to monitoring and examining transactions, verifying the identities of new customers, and responding to inquiries by law enforcement authorities seeking to track terrorist finances through the U.S. banking system. Both as a way of offsetting these new expenses and freeing institutions to devote sufficient resources to PATRIOT Act compliance and serving their customers, the committee began during the last Congress to try to identify regulatory or statutory requirements that could have outlived their useful purpose and could be eliminated without any adverse affects on the safety and soundness of the banking system or on basic consumer protections. H.R. 1375 is the end result of that process.

The legislation, which enjoyed bipartisan support in the Committee on Financial Services, reflects significant contributions from several members of the committee. For example, the bill incorporates legislation authored by the gentleman from California (Mr. OSE) which would permit credit unions to offer check-cashing and wire transfer services to individuals who are not members of the credit union, but are within its field of membership, thereby promoting alternative sources of banking services for many low- and moderate-income Americans. An important amendment offered in committee by the gentleman from Oklahoma (Mr. LUCAS) would greatly improve coordination between home and host State supervisors of State-chartered banks that operate branches in multiple States.

I also want to commend the gentleman from Ohio (Mr. GILLMOR) and the ranking member, the gentleman from Massachusetts (Mr. FRANK) for their hard work in crafting a compromise on an issue that was the subject of spirited debate in the committee: the extent to which certain commercially owned industrial loan companies, which are insured depository institutions chartered in a handful of States, should be permitted to exercise the new branching authority provided for in section 401 of the bill. I will offer a manager's amendment later today that incorporates the good work of the gentleman from Ohio (Mr. GILLMOR) and the ranking member on this difficult issue.

Finally, I want to thank the gentleman from Alabama (Mr. BACHUS), the chairman of the Subcommittee on Financial Institutions and Consumer Credit, for quarterbacking this effort in his subcommittee and helping to shepherd it through the full committee.

Thanks to hard work of the gentlewoman from West Virginia (Mrs. CAPITO) and the gentleman from Arizona (Mr. ROSS) and many other members of our committee, the House will have an opportunity to vote later today on legislation that improves the productivity and efficiency of our financial services industry. A vote for this bill is a vote to allow banks, thrifts, and credit unions to channel their resources away from complying with unneeded regulatory mandates and toward making loans and providing other financial products and services to consumers and to their small business customers, which can only help fuel economic growth in local communities across this country.

I strongly urge my colleagues to support this bipartisan piece of legislation.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to express my appreciation to the chairman of the committee and the chairman of the subcommittee, because this is another example of where we have been able to work in a cooperative way. We do not agree on everything, but our method of operation allows us to refine our disagreements and to present to the House some legitimate policy disagreements, but in a form and in a context that does not interfere with our ability to go forward where there is consensus.

There will be two amendments that we will be debating. The gentleman from Alabama will offer one, which I plan to oppose, that would reject a request from the FDIC to make it easier for them to proceed against people in the banking area that they think have been negligent. The gentleman from New York (Mr. WEINER) will be offering an amendment that I think protects consumers. I feel strongly in favor of that one. Other than that, I believe we have agreement at the committee level. I want to emphasize, and I must say I am very hopeful that the Weiner amendment will be adopted, but we will have to see what happens.

I just want to reiterate my view that this reflects what I think ought to be our approach; namely, we start with respect for the market and an understanding that the free market is the best way to make our economy prosper. Particularly in the financial area that our committee has jurisdiction over, the role of the institutions as intermediaries in garnering the financial resources that are then made available to the people who do the production of goods and services, that is very important; and it is our obligation to make sure that that can be done with the maximum efficiency.

At the same time we recognize, many of us, that the market is not perfect. It does well what it is supposed to do, but there are areas of importance in our life that the market does not deal with. There are also inevitable tendencies in any institution, government, the private sector, the nonprofit sector, to do things that if there were constraints, it should not do. That does not mean that they are evil or that they are dysfunctional; it just means that human nature being what it is, no entity ought to be able to function without some restraints.

So our job is to provide for consumer protection in particular, which the market itself would not automatically do. Let me check that. In some areas I think we can rely on the market in the consumer area. There is a major merger, or a major sale in New England going on now where Fleet Boston is being bought by Bank of America. I have worked very closely with a number of entities that are advocates for low- and moderate-income people in the area of housing and in the area of small business and community development, because I do not think the market itself will take care of those. In other areas, in customer service, I think you can rely more on the market. There are competing institutions that will try to steal customers away. That is a good thing because, in the area of customer service, there will be competition. In areas where we are talking about lower-income people, competition does not do it, and we have to try to intervene.

What we need to do is to recognize the importance of regulation but, at the same time, make sure that we do not regulate unnecessarily, because there are regulatory costs. I do not object to regulatory costs if they are essential to achieving an important public purpose. Where they can be shown not to have that relationship, they ought to be removed. We ought to also try to pick among various regulatory approaches until we get the one that gives us the most benefit for the least cost. This bill is, on the whole, an effort to do that.

The chairman mentioned that in the controversial area of industrial loan corporations, we heard the forceful statements of the gentleman from Iowa who thinks that we should be more restrictive. We have Members who represent particularly States where the ILCs have played a major role, California and Utah in particular, who are represented in our committee, who think we have been too restrictive. The gentleman from Iowa (Mr. GILLMOR) took the lead, and I was glad to work with him, in using a formula we had previously adopted in the Congress; namely, that to be a financial institution you should be 85 percent financial in your revenues, and we have used that as a screen for the additional entities that might be entering the ILC field. I think that is a reasonable compromise. I think that will protect the public interests, while continuing to allow consumer choice, and I congratulate the chairman and others for creating the context in which we could work that out.

I know we will be proceeding to debate on a couple of controversial issues and, as I said, I think this is a good overall bill, but Members may be waiting to see what happens on some of the amendments to make their final judgment.

Mr. Chairman, I reserve the balance of my time.

Mr. OXLEY. Mr. Chairman, I am pleased to yield 5 minutes to the gentleman from Alabama (Mr. BACHUS), the chairman of the Subcommittee on Financial Institutions and Consumer Credit.

(Mr. BACHUS asked and was given permission to revise and extend his remarks.)

Mr. BACHUS. Mr. Chairman, I thank the chairman for yielding me this time.

Mr. Chairman, the financial services industry spends a great deal of time and a great deal of money every year complying with outdated and ineffective regulations. That is money that could be loaned to consumers and industries to buy new cars, new homes, new factories, new businesses, and that is what this bill is all about. It is also, as the chairman correctly said, delivering on a promise that this Congress made these same institutions, when we imposed title III of the PATRIOT Act, and also the Sarbanes-Oxley accountability measures. We told them that we would come and follow that with legislation to compensate them for that cost.

□ 1130

And in that regard, as the chairman so well put, I want to commend the financial institutions in this country for helping starve al Qaeda and other terrorist organizations. They have done an excellent job of cutting off the flow, not only to the terrorist organizations but also to narcotics traffickers and other criminal organizations, which is another benefit of these new money laundering legislations that this Congress put on the financial institutions. So it has had a very positive effect even on some areas that we might not have anticipated.

Secondly, I would like to commend the ranking member, the gentleman from Massachusetts (Mr. FRANK). I would like to commend him for working closely on this legislation. We talk about bipartisanship in this body. This committee, under the chairman, the gentleman from Ohio (Mr. OXLEY) and the ranking member, the gentleman from Massachusetts (Mr. FRANK), has achieved on more than one occasion, on many occasions, a bipartisan spirit of cooperation which I think ought to be the model for other committees in the Congress as a whole. So I commend both these gentlemen.

I would like to commend the two sponsors of this bill, the gentlewoman from West Virginia (Mrs. CAPITO). She has done an excellent job. I would also like to commend the Democratic member of the committee who offered this legislation, and that is the gentleman from Arkansas (Mr. ROSS).

Finally, I would like to call special attention to the legislation of the gentleman from Oklahoma (Mr. LUCAS), the provisions within this legislation which will greatly improve the coordination between home and host State supervisors of State-chartered banks. When State-chartered banks branch beyond State lines, there is a great need for the bank supervisors to coordinate in the supervision. And I think this is a long overdue provision.

I would also like to commend the gentleman from Massachusetts (Mr. FRANK) and the gentleman from Ohio (Mr. GILLMOR) for working out, I think, an excellent compromise on this ILC provision, their compromise, the widespread almost unanimous support of the committee. There are Members who this morning have protested it.

The gentleman from Iowa (Mr. LEACH) had offered on another bill the way he wanted to address this. The committee on the bank interest bill actually rejected that idea, competing idea, by a vote of 50 to 8. So this has been an issue that has been debated on prior occasions.

Finally, I would like to say that this is a regulatory relief bill, not a regulatory burden bill. For that reason, I will be offering an amendment to take and strike section 614 which equates independent contractors who do business with the bank, whether they be attorneys, whether they be accountants, whether they be appraisers, whether they be real estate agents, all sorts of independent contractors, which equates them with having the same knowledge of banking operation as insiders. That is simply not the case. And, in fact, I believe strongly that in these cases they ought to have the right to a jury trial, to a full hearing.

But if we do not strike section 614, any accountants, any attorney, any realtor, any appraiser who does business with the bank, will be subjected to having the same knowledge as an insider. Simply not the case. I think we all agree they do not have that same knowledge. And I oppose the Weiner amendment which is a regulatory burden amendment.

Mr. Chairman, I rise in strong support of H.R. 522, the Financial Services Regulatory Relief Act of 2003.

I want to begin by thanking Chairman OXLEY for the tremendous leadership he has shown in steering this complex bill through the legislative process. I also want to thank the ranking member of the committee, Mr. FRANK, for his support of this important piece of legislation.

This bipartisan legislation, introduced by our colleagues on the subcommittee, Mrs. CAPITO and Mr. ROSS, reflects a commonsense approach to easing regulatory burdens imposed on our nation's depository institutions. H.R. 1375 is largely a product of recommendations that the committee has received over the last several years from the Federal and State financial regulators.

The legislation has strong bipartisan support and was approved by the Financial Services Committee by a unanimous voice vote. It is supported by a host of interested parties, including the Financial Services Roundtable, America's Community Bankers, the National Association of Federal Credit Unions, and the Credit Union National Association.

The banking industry estimates that it spends somewhere in the neighborhood of $25 billion annually to comply with regulatory requirements imposed at the Federal and State levels. A large portion of that regulatory burden is justified by the need to ensure the safety and soundness of our banking institutions; enforce compliance with various consumer protection statutes; and combat laundering and other financial crimes.

However, not all regulatory mandates that emanate from Washington, DC, or other State capitals across the country are created equal. Some are overly burdensome, unnecessarily costly, or largely duplicative of other legal requirements. Where examples of such regulatory overkill can be identified, Congress should act to eliminate them.

The bill that Congresswoman CAPITO and Congressman ROSS have introduced—and that I am proud to cosponsor along with Chairman OXLEY—contains a broad range of constructive provisions that, taken as a whole, will allow banks and other depository institutions to devote more resources to the business of lending to consumers and less to the bureaucratic maze of compliance with outdated and unneeded regulations. Reducing the regulatory burden on financial institutions will also lower the cost of credit for consumers.

In closing, let me once again commend Mrs. CAPITO and Mr. ROSS for this important legislative as well as the full committee chairman, Mr. OXLEY. The chairman has demonstrated a strong commitment to getting regulatory relief legislation enacted this year. I look forward to working with him to help accomplish that objective.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. MEEKS), a very hard working member of this committee.

Mr. MEEKS of New York. Mr. Chairman, let me begin by congratulating the leadership, the gentleman from Ohio (Mr. OXLEY) and the ranking member, the gentleman from Massachusetts (Mr. FRANK) on this great bill.

It proves that when Democrats and Republicans sit down and talk and work together, we really can come to a consensus. And the leadership of this committee should be applauded in a way that this bill, this important bill has gone through the committee. And I thank both the ranking member and the chairman.

My position has never been to favor one depository institution charter over another but, instead, to support policies that give each charter the best opportunity to be competitive and improve service delivery to their business and individual constituents.

It is my assertion that H.R. 1375, the regulatory relief bill, does just that for national banks, savings institutions, and credit unions, all of whom are vital to the financial health of this Nation and the provision of financial services to businesses and individuals nationwide.

For national banks, the bill eases certain restrictions related to directors, provides for flexibility in declaring dividends, and makes it easier to expand through intrastate branching or mergers with State banks.

For savings institutions, the bill provides more flexibility to provide automobile loans and leases for personal use. It also eliminates the limitation on small businesses, lending based on percentage of assets. These changes, among others, will greatly allow savings institutions to increase the diversity of their lending portfolios.

Federally chartered credit unions will be able to purchase and hold for their own account highly rated investment securities. They will be able to provide check cashing and money transfer services to nonmembers within their field of membership.

These changes, along with others, such as easing the process for voluntary mergers, will help credit unions diversify their portfolios and provide more services to individuals and the communities that they serve.

The ever-changing dynamics of the financial service industry demands that from time to time this committee review the existing laws and take action where required, not just to increase the laws as we often do, but to adjust and even eliminate archaic laws that may be hindering the success of our financial industry. I believe that this is just what we have done with this regulatory bill, a bill that has a little bit of something for everyone.

Mr. OXLEY. Mr. Chairman, I yield 4 minutes to the gentlewoman from West Virginia (Mrs. CAPITO), the lead sponsor of this important legislation.

(Mrs. CAPITO asked and was given permission to revise and extend her remarks.)

Mrs. CAPITO. Mr. Chairman, I want to thank my colleague, the gentleman from Arkansas (Mr. ROSS), for sponsoring the Regulatory Relief Act of 2003 with me. He has been very instrumental in bringing this much-needed legislation to the floor. I also want to thank the gentleman from Alabama (Mr. BACHUS) and the ranking member, the gentleman from Massachusetts (Mr. FRANK), and especially the gentleman from Ohio (Mr. OXLEY) for shepherding this bill through the process, it has been a process, and their strong leadership on the committee.

With the passage of the Gramm-Leach-Bliley Act, the U.S. PATRIOT Act, and the Sarbanes-Oxley Act, Congress has imposed sweeping reforms and multiple new mandates on the financial services industry. While I firmly believe that these new laws have strengthened this important sector of our economy, such sweeping reforms do not come without a cost, a cost that is ultimately paid for by every American who writes a check, saves for their retirement, or simply purchases groceries with a credit card.

The gentleman from Arkansas (Mr. ROSS) and I introduced this bill to restore regulatory balance. While Federal regulations play an important role in protecting consumers, instilling confidence and ensuring a level playing field, overregulation can depress innovation, stifle competition, and actually retard our economy's ability to grow.

Periodically reviewing and questioning the regulations put into place over time will ensure that as industries and technologies change, so too will the rules that govern them.

This bipartisan legislation will roll back several outdated and burdensome mandates while also providing new commonsense provisions that together will benefit the financial services industry and their consumers.

To promote efficiency our bill allows the FDIC the flexibility to rely on new technology to store records electronically, streamlines the merger application process, and gives examining agencies the discretion to adjust the exam cycle so their resources can be used most efficiently, among very many other revisions in the regulatory process.

We provided enhanced consumer protection by prohibiting a person from working at a bank who has been convicted of a breach of trust and by allowing interagency data sharing to ensure that a lack of information does not result in malfeasance.

H.R. 1375 strikes a balance that will help the financial services community thrive, compete, and offer the best services to their customers. Again, I want to thank the ranking member and our chairman and the gentleman from Alabama (Mr. BAUCUS) and the other Members for the bipartisan nature of which this bill has been brought to the floor.

I urge my colleagues' support.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York (Mrs. MALONEY), a very able member of our subcommittee, the ranking member of the Subcommittee on International and Domestic Monetary Policy.

Mrs. MALONEY. Mr. Chairman, I thank the gentleman from Massachusetts (Mr. FRANK) for yielding and for his leadership.

I rise in support of the financial services regulatory relief legislation. This bill is the subject of several years of work and I thank the sponsors, the gentlewoman from West Virginia (Mrs. CAPITO) and the gentleman from Arkansas (Mr. ROSS) for their hard work.

I especially want to thank them for the inclusion of an amendment that I offered in committee with my colleague, the gentleman from Oklahoma (Mr. LUCAS). This amendment prohibits nonchartering States from unilaterally imposing a discriminatory fee against State-chartered banks from other States. It also strengthens cooperative agreements among the States for supervision of multistate institutions by giving Federal recognition to the cooperative agreements and requiring chartering States to follow them. This language is very important for preserving the vitality of our dual banking system.

As for amendments that will be offered today, I want to thank my colleague, the gentleman from New York (Mr. WEINER) for his checking amendment. He is a great consumer advocate. I have some concerns about how the amendment will work in practice, and I look forward to working with him on this as the process goes forward.

I also want to indicate my strong support for the Kelly-Toomey amendment. This language tracks legislation that the gentlewoman from New York (Mrs. KELLY) and I passed on the floor of this Congress earlier this year in the Business Checking Freedom Act.

This language builds on the important modernization of financial services that Congress has worked on in recent years. It lifts the prohibition on the payment of interest on business checking accounts after a 2-year phase-in. During the phase-in, banks may increase sweeps to interest-paying accounts to 24 intervals per month.

The prohibition on interest on both consumer and business accounts was enacted during the Great Depression. At the time it was enacted to limit competitive pressures to pay higher interests that were feared could lead to bank failures. Today given the global nature of financial services, interstate banking and many advances in technology, interest payment limits only distort competition and force businesses to seek out alternative interest bearing opportunities.

The prohibition on paying interest on consumer checking accounts was repealed by Congress more than 20 years ago and has not increased any concern about safety and soundness. Today the House, once again, takes an important step forward in offering this same benefit to the business community.

Importantly, this language will disproportionately benefit small businesses. Small businesses must keep money in checking accounts to meet payrolls and pay expenses. They are less likely to have complex financial arrangements that will allow them to get around interest restrictions.

The legislation also allows the Federal Reserve to pay interest on sterile accounts. These are reserves private banks hold at the Federal Reserve which the Fed can manipulate as a tool of monetary policy. And this provision is endorsed by Federal Reserve Chairman Alan Greenspan.

I support the legislation. I urge my colleagues to support it.

Mr. OXLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa (Mr. LEACH), the distinguished former chairman of the committee.

Mr. LEACH. Mr. Chairman, let me just say this bill has a number of very commonsense provisions, but in the name of a relatively large number of minor commonsense issues, there is more than a small measure of regulatory mischief.

This bill is about less regulation but it is also about more imbalance.

□ 1145

It empowers a hitherto largely unknown charter in America called Industrial Loan Companies to have all the powers of commercial banks and, added with one of the amendments that is likely to pass today, a power to not only branch in all 50 States, but to do checking in a business kind of way, something ILCs were not hitherto empowered to do.

We will be giving five States in America the right to offer a charter with less regulation than 45 States. We will be putting an inequity in law that relates to this charter versus all others; and then we are going to be putting in a very intriguing way inequity between the charters, that is, those that have existed for a while will have more rights than those industrial loan companies that will be empowered later.

I would only like to stress to my colleagues, because there is some misunderstanding here, that one of the theories of the grandfather is to block a particular institution from getting an industrial loan company charter with full powers, which by the way indicates that those full powers are very significant. That particular company is unpopular with some of its competitors in the financial services industry. It is unpopular with organized labor. So there is a grandfather provision against that company; but the intriguing aspect of it is, it is a very enfeebled grandfather provision.

It is enfeebled because it gives the States the power of interpretation. There is no tie-in to Federal statute; and so any new company can get a new ILC charter, can buy an existing ILC charter. Then there are rules about changing control, but States have different change-of-control statutes. Some change of control is 25 percent ownership; some over 80 percent ownership. So a company can buy an existing charter and take on all the powers of an ILC under the pre-grandfather provisions, even though there appear to be in this statute certain restrictions, for example, that relate to a percentage that is financial in nature of their current operating business. All this is being interpreted by State government which has a vested interest to give charters rather than to stop charters because it means more jobs for their States.

The history of the ILC is that they were small institutions until 1987 when Congress, without much forethought, exempted them from the Bank Holding Company Act; and so the largest ILC charter had been less than $400 million, now the largest is $60 billion, and there are eight above a billion in size. If we give ILCs all the powers contemplated in this bill, there will be a pell mell run to the ILC charter.

This will sweep assets from 45 States to five States. It will breach commerce and banking in ways that have never been breached in modern day, and it will create great pressure to move grandfather dates and change existing statute in other ways because of the obvious inequities that will almost immediately develop within the ILC charter itself.

So I would like to suggest to this body that this was something that could be handled very simply, credibly, and that is simply to put ILCs like most other financial institutions of any size under the Bank Holding Company Act; but because of insider power, that amendment was not even allowed to be considered on this floor, and I cannot tell my colleagues that it would have passed. I can tell my colleagues that Chairman Greenspan thinks it would be very important to the security of the United States and, in many different ways, not only due to the fact that American ILCs can operate without oversight of the holding company but foreign companies can have ILCs.

So the FDIC, which is a very credible regulator, can look at the bank; but let us say a foreign company in Latin America or in Russia gets Utah to give them a charter. They create jobs in Utah. They could operate the bank credibly, but they could also be money laundering from their host company abroad, and so this is an invitation as a charter to greater money laundering.

I frankly urge my colleagues to think twice; and, unfortunately, I am in a position of suggesting opposing the bill.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentleman from Vermont (Mr. SANDERS), a member of the committee, who is the ranking member of the subcommittee which has jurisdiction over this bill.

Mr. SANDERS. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me the time.

Mr. Chairman, among other things, the Financial Services Regulatory Relief Act would make it easier for some of the biggest banks and other financial institutions in this country to merge. At a time in America where big institutions are becoming bigger and small institutions are being driven out of business, I think we have to ask whether this is a good idea. At a time in America when the people at top are making out like bandits, the middle class is shrinking and poverty is increasing. I think we have to ask whether it is proper for the United States Congress to give ''regulatory relief'' to huge multibillion dollar institutions. I think not.

Specifically, this bill would reduce the Federal review process for bank mergers from 30 days to a mere 5 days. This bill would allow the Officer of Comptroller Currency to waive notice requirements for national bank mergers located within the same State. This bill would end the prohibition of out-of-state banks merging with in-state banks that have been in existence for less than 5 years. This bill also gives Federal thrifts the ability to merge with one or more of their nonthrift affiliates; and, finally, this bill would eliminate certain reporting requirements for banks' CEOs in regard to inside-lending activities.

Mr. Chairman, I have serious concerns about the provisions in this bill; but equally important, I have major concerns about what this bill is not addressing, what it is not addressing, and what the American people and consumers all over this country are deeply concerned about.

For example, while the prime rate is at a historic low of 4 percent and the Federal Reserve has lowered the Federal funds rate 13 times to a mere 1 percent; credit card issuers are making record-breaking profits by ripping off consumers through outrageously high interest rates of 25 to 30 percent. How come in the midst of giving the ability of large banks to become larger, we forgot about demanding that interest rates go down so that people who already are hurting are not forced to pay usurious interest rates. I guess we just forgot about that.

Mr. Chairman, at a time when banks are making record-breaking $7.3 billion in late fees they collect from consumers, another major rip-off, there is nothing in this bill that would bring down these excessive fees. I guess we forgot about that issue as well.

Mr. Chairman, every Member of this Congress understands that throughout America we are hemorrhaging decent-paying jobs in manufacturing and in information technology; and one of the areas, one of the industries where we are hemorrhaging good-paying jobs is in the financial services industry. No mention, no mention in this bill of a concern that with these mergers comes the loss of decent-paying jobs. Maybe when we talk about financial services, we might want to talk about the ordinary people who do business in banks rather than just the needs of the CEOs who make huge compensation packages running these banks.

Mr. Chairman, while credit card issuers are ripping off middle class Americans by charging sky-high interest rates and outrageous fees, credit card CEOs are laughing all the way to the bank; and mark my words, this will be an issue that the American people will demand this Congress to address. We cannot ignore the fact that scam after scam is forcing hard-pressed American people to pay 20, 25 percent a year in interest rates on their credit card. That issue will come before the United States Congress.

In the midst of all of these rip-offs, if I may use that word, the compensation packages of the CEOs are going sky high. Over the past 5 years, the CEO of Citigroup made over $500 million in total compensation and the CEO of Capital One made over $169 million in total compensation. When we deregulate these industries, maybe we want to say a word on that issue as well.

Bottom line is that this legislation works on behalf of the largest financial institutions. It does not work on behalf of consumers, and I respectfully ask for a ''no'' vote on it.

Mr. OXLEY. Mr. Chairman, I am now pleased to yield 3 minutes to the outstanding gentleman from Ohio (Mr. LATOURETTE), a valued member of the committee.

(Mr. LATOURETTE asked and was given permission to revise and extend his remarks.)

Mr. LATOURETTE. Mr. Chairman, I want to talk about some of the smaller financial institutions in America. It has been about 6 years since the Congress passed the Credit Union Membership Access Act, a piece of legislation that forever changed the nature and the way the credit unions do business in this country, and I want to congratulate the gentleman from Ohio (Chairman OXLEY) and the gentleman from Massachusetts (Ranking Member FRANK) for including in this regulatory relief bill provisions that benefit credit unions once again.

Mr. Chairman, nearly 84 million Americans enjoy low-cost financial services at their credit unions. It is imperative that we allow credit unions to continue to change with the ever-expanding financial marketplace, just as we do with the banking and the thrift industry.

Credit unions do an excellent job of serving their members, a tradition we need to help protect and preserve. Sometimes the members of credit unions will be the men and women who are serving our country valiantly in the Armed Forces.

The bill being considered today would allow credit unions to build their own buildings on DOD facilities and to pay a nominal fee for rent, a practice which had been in effect but has recently been changed. Credit unions at DOD facilities provide our troops with the tools for money management so that while they are away defending our great Nation, their personal financial dealings back at home are not ignored. This may not always be profitable; but with credit unions, it is not a matter of profit. It is a matter of people. As member-owned not-for-profit entities, credit unions serve their members to the fullest capacity.

Another provision that I want to highlight would allow credit unions who convert to community charters to continue to serve their select employee groups who were added before their conversion. As we are all aware, with today's troubled economic times, there are times when a credit union that has been associated with a plant or an industry and it is closed down or the jobs are lost, the credit union is lost as well. The credit unions that serve the people whose jobs are gone and whose plants are closed, rather than also shutting down and leaving, are instead converting to community charters.

This accomplishes two things: One, it would allow the institution to stay open and bring in new members from the community; and, two, it allows those workers to continue their important relationship with their credit union.

Mr. Chairman, again I want to congratulate the gentleman from Massachusetts, ranking member FRANK, and Chairman OXLEY for crafting this bill, and I want to congratulate the trades that represent the credit unions in this town for making sure that H.R. 1375 has provisions with real teeth that benefit the credit union industry.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Before yielding time to one of the coauthors of the bill, the gentleman from Arkansas, who has done a lot of work on this, I did want to respond to the gentleman from Vermont.

Frankly, I was somewhat surprised to hear him raise some of those issues because he is, as I noted, the ranking member on the minority side of the subcommittee of jurisdiction; and I must say that had he raised some of them when we were considering this bill, he might not now feel they were being ignored.

One of them, of course, is not germane to this bill, the credit card question. That was debated and voted on in the committee last year, but some of the other issues he raised now, I just have to say that it is a little late to come to the floor, when the bill is already before us, and raise issues, particularly when you are the ranking member of the subcommittee and you have hearings and you have markup in subcommittee and you have markup in full committee.

In one case I would note he objected to the fact that this bill reduces the period during which the Federal Government can wait and study a merger for antitrust. Yes, I agree that that is a problem. We debated that one, in fact, in committee. It was the gentlewoman from California (Ms. WATERS) who raised that; and I appreciate the fact that because she, having raised it, stuck with it, she has worked with the majority, and an amendment that will put that back up to 15 days, instead of 5, I believe, is going to be accepted.

So I would like to inform the gentleman, he has left the floor, that there was, in fact, an agreement to address one of those issues that he raised.

He also raised the question of executive compensation, and I have been working with the very good staff that we have on our side of the committee to deal particularly with the aspect of executive compensation, top-level executive compensation, that is, the perverse incentive that stock options give to the top people.

□ 1200

So that one I assure him is going to be dealt with. But I do not think it makes sense to deal with it only for financial institutions. I think it should be dealt with across the board.

The committee is going to remain in business, and I have to say to my now absent colleague from Vermont that, as ranking member, he is fully positioned to raise these, and many of the other members would be glad to work with him, as we were able to work with the gentlewoman from California when she took a very serious look at this and accomplished something.

Mr. Chairman, I yield such time as he may consume to the gentleman from Arkansas (Mr. ROSS), who is a cosponsor of this bill.

Mr. ROSS. Mr. Chairman, I am pleased to join my colleagues, the gentleman from Ohio (Mr. OXLEY), the chairman, and the ranking member, the gentleman from Massachusetts (Mr. FRANK), and the gentlewoman from West Virginia (Mrs. CAPITO) as a cosponsor of this legislation.

Mr. Chairman, I live in a small rural town, I am a small business owner, and I recognize the limited resources that exist for small businesses. H.R. 1375, the Financial Services Regulatory Relief Act will assist financial institutions in my congressional district, and all across America for that matter, by easing some of the regulatory demands they have, which will allow them to focus more on service to their customers.

The Committee on Financial Services held a hearing on this bill with representatives of each of the regulatory agencies responsible for oversight of these institutions. Each presented their perspectives on the legislation and the need for implementation. I appreciate the efforts of my colleagues and the committee staff who have worked together since the full committee markup to make further improvements to ensure the final bill reflects a true bipartisan product; and, indeed, it does. It is what I call a piece of commonsense legislation.

This legislation is well balanced for all financial institutions, both large and small; both rural and urban. I believe it is imperative that Congress continues to work to help strengthen our struggling economy by making sure that our financial institutions have the necessary tools they need to operate more effectively and more efficiently. They are an integral part of our community's economic development and need legislation like H.R. 1375 to alleviate some of the burdens that impede their services to the public.

Again, I thank my colleagues, Chairman OXLEY, Ranking Member FRANK, and the gentlewoman from West Virginia (Mrs. CAPITO) for all of their hard work on this, and I urge my colleagues to support this legislation, H.R. 1375.

Mr. OXLEY. Mr. Chairman, I yield myself such time as I may consume to also recognize the leadership of the gentleman from Arkansas for being the lead Democrat sponsor on this legislation. We appreciate his hard work on this endeavor.

Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. ROYCE), a valuable member of the committee.

Mr. ROYCE. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise today to bring some more facts to the debate over industrial loan companies.

ILCs are well regulated, both at the State and Federal levels. They have played an important part in our country's financial system for over 100 years. I have a letter from the chairman, Donald Powell, of the Federal Deposit Insurance Corporation, and I will provide it for the RECORD, but I also thought I would just read some of the observations that Chairman Powell makes about ILCs.

Chairman Powell says that industrial loan companies and industrial banks have existed since the early 1900s, and overall it is the FDIC's view that ILC charters pose no greater safety and soundness risk than other charter types. As with any other insured institution, ILCs are subject to examinations and other supervisory activities. The FDIC's authority to pursue formal or informal enforcement actions against an ILC is the same as the FDIC authority with respect to any other State nonmember bank, with limited exceptions. In short, the FDIC does not believe that there are any compelling safety and soundness reasons to impose constraints on this charter type that are not imposed on other charter types.

Chairman Powell of the FDIC goes on to say that the FDIC and the State chartering authorities directly supervise insured ILCs, which must comply with the FDIC's rules and regulations, including those requirements for capital standards, safe and sound operations, and consumer compliance and community reinvestment. Further, as he says, the FDIC has the authority to examine any affiliate of an ILC, including its parent company, as may be necessary, to determine the relationship between the ILC and the affiliate, and to determine the effect of such relationship on the ILC.

I thought I would bring those facts to light. I know that some competitors of ILCs worry because they do not want more competition in the banking marketplace, but we all know that competition is good for consumers, it is good for businesses, and it is good for our economy as a whole. And since I have heard other companies make the argument that ILCs are not safe and sound, I wanted to respond by saying that ILCs are heavily regulated financial institutions, ILCs are regulated by the FDIC and by State banking regulators in every State in which they operate, and I think we should judge ILCs on the facts.

To that end, Mr. Chairman, I submit the letter of Chairman Donald Powell for the RECORD herewith:

FEDERAL DEPOSIT
INSURANCE CORPORATION,
Washington, DC, April 30, 2003.

Hon. EDWARD R. ROYCE,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN ROYCE: Thank you for your recent letter concerning industrial loan companies. We are closely monitoring the recent attention that industrial loan companies are receiving and appreciate your questions.

Industrial loan companies and industrial banks (collectively, ILCs) have existed since the early 1900s. States with existing insured ILCs include California, Colorado, Indiana, Minnesota, Nevada, and Utah. There are 51 insured ILCs, with the vast majority operated from Utah (24) and California (17). The charters are unique in that, as long as they meet certain criteria (typically, not accepting demand deposits), they are not considered ''banks'' under the Bank Holding Company Act. As a result, an ILC's parent company is not subject to supervision by the Federal Reserve. Just as is true of unitary thrift holding companies and parent companies of limited-purpose credit card banks, the parent companies of ILCs include a diverse group of financial and commercial firms.

Overall, it is the FDIC's view that ILC charters pose no greater safety and soundness risk than other charter types. As with any other insured institution, ILCs are subject to examinations and other supervisory activities. The FDIC's authority to pursue formal or informal enforcement actions against an ILC is the same as the FDIC's authority with respect to any other state nonmember bank, with limited exceptions. Those exceptions pertain to cross-guaranty authority and golden parachute payments, and legislative changes to eliminate those exceptions are being pursued in H.R. 1375, the proposed Financial Services Regulatory Relief Act of 2003. In short, the FDIC does not believe there are compelling safety and soundness reasons to impose constraints on this charter type that are not imposed on other charter types.

The risk posed by any insured depository institution depends on the appropriateness of the business plan and model, management's competency in administering the institution's affairs, and the quality and implementation of risk management programs. Similar to institutions with other charter types, an ILC's capital adequacy and overall safety and soundness is driven by the composition and stability of its lending, investing and funding activities and the competence of management.

The FDIC and the state chartering authorities directly supervise insured ILCs, which must comply with the FDIC's Rules and Regulations, including, but not limited to, those requirements for capital standards, safe and sound operations, and consumer compliance and community reinvestment. ILCs also are subject to Sections 23A and 23B of the Federal Reserve Act, which restrict or limit transactions with a bank's affiliates and the Federal Reserve Board's Regulation O, which governs credit to insiders and their related interests. Further, the FDIC has the authority to examine any affiliate of an ILC, including its parent company, as may be necessary to determine the relationship between the ILC and the affiliate and to determine the effect of such relationship on the ILC.

Answers to your specific questions are enclosed. If you would like additional information, please do not hesitate to contact me or Alice Goodman, Director of our Office of Legislative Affairs, at (202) 898–8730.

Sincerely,

DONALD E. POWELL,
Chairman.

Enclosure.

RESPONSE OF THE FEDERAL DEPOSIT INSURANCE CORPORATION'S DIVISION OF SUPERVISION AND CONSUMER PROTECTION TO QUESTIONS CONCERNING INDUSTRIAL LOAN COMPANIES

In what banking activities are these institutions engaged? Do they have the authority to provide services that may not be offered by full-service commercial banks?

Generally, the authority of industrial loan companies and industrial banks (collectively, ILCs) to engage in activities is determined by the laws of the chartering state. The authority granted to an ILC may vary from one state to another and may be different from the authority granted to commercial banks. Except for offering demand deposits, an ILC generally may engage in all types of consumer and commercial lending activities and all other banking activities permissible for banks in general.

Core ILC functions are traditional financial activities that can generally be engaged in by institutions of all charter types. The exception would be institutions organized and chartered as limited-purpose institutions, which generally focus on credit card or trust activities.

Existing ILCs can generally be grouped according to one of four broadly defined business models:

Institutions that are operated as community-focused institutions, including standalone institutions and those serving a community niche within a larger organization. These institutions often provide credit to consumers and small- to medium-sized businesses. In addition to retail deposits (many ILCs offer NOW accounts), funding sources may include commercial and wholesale deposits, as well as borrowings. Institutions that operate within a larger corporate organization may also obtain funding through the parent organization.

Independent institutions that focus on specialty lending programs, including leasing, factoring, and real estate activities. Funding sources for this relatively small number of institutions may include retail and commercial deposits, wholesale deposits, and borrowings.

Institutions that are embedded in organizations whose activities are predominantly financial in nature, or within the financial services units of larger corporate organizations. These institutions may serve a particular lending, funding, or processing function within the organization. Lending strategies can carry greatly, but, within a specific institutions, are often focused on a limited range of products, such as credit cards, real estate mortgages, or commercial loans. Corporate strategies play a larger role in determing funding strategies in these cases, with some institutions periodically selling some or all outstanding loans to the parent organization. Parent assessments of funding options across all business units frequently determine the specific tactics at the ILC level. A few institutions restrict themselves to facilitating corporate access to the payment system or supporting cash management functions, such as administering escrowed funds.

Institutions that directly support the parent organizations' distinctly commercial activities. These institutions largely finance retail purchases of parent company products, ranging from general merchandise to automobiles, truck stop activities, fuel for rental car operations, and heating and air conditioning installations. Loan products might include credit cards, lines of credit, and term loans. Funding is generally limited to wholesale or money center operations, borrowings, or other options from within the parent organization.

From a federal law perspective, one of the primary differences between an ILC charter and other depository institution charters is that certain ILCs have a grandfathered exemption from the requirements and restrictions of the Bank Holding Company Act (BHCA). Generally, an LIC can maintain its exemption so long as it meets at least one of the following conditions: (1) the institution does not accept demand deposits, (2) the institution's total assets are less than $100,000,000, or (3) control of the institution has not been acquired by any company after August 10, 1987.

How does the FDIC go about regulating ILCs? What authority does the FDIC have to examine ILC parent companies? Does the FDIC feel it has the tools necessary to adequately and comprehensively regulate ILCs and their relationship to their owners?

The FDIC regulates ILCs in the same manner as other state nonmember institutions. ILCs are subject to the FDIC's safety and soundness regulations (with two exceptions discussed below), as well as federal consumer protection regulations. Like all insured depository institutions, ILCs receive regular examinations, during which compliance with the regulations is reviewed and overall performance and condition are analyzed. For FDIC-insured, state-chartered institutions that are not members of the Federal Reserve System, the FDIC and/or the state authority will conduct the examination. The FDIC has agreements with most states to conduct examinations under alternating schedules, although in the case of a troubled institution, the FDIC and the estate authority generally conduct joint or concurrent examinations.

Transactions with affiliates are reviewed during each examination. An ILC's transactions with its affiliates are restricted by Sections 23A and 23B of the Federal Reserve Act, which are made applicable to state nonmember banks in general by section 18(j) of the FDI Act, 12 U.S.C. §1828(j). Section 23A essentially limits the total amount of loans to affiliates and limits other transactions between a bank and its affiliates. These restrictions also apply to loans to third parties to pay debts to or purchase goods and services from an affiliate. Section 23B generally prohibits any transaction with an affiliate on terms or conditions less favorable to the bank than a transaction with an unrelated third party.

While the FDIC does not have statutory authority to supervise the parent companies of ILCs, the FDIC does have the authority, in examining any insured depository institution, to examine any affiliate of the institution (under 12 U.S.C. §1820(b)(4)), including its parent company, as may be necessary to determine the relationship between the institution and the affiliate and to determine the effect of such relationship on the institution. In the case of a parent subject to the reporting requirements of another regulatory body covered under the Gramm-Leach-Bliley Act of 1999, such as the Securities and Exchange Commission or a state insurance commissioner, the FDIC has agreements in place to share information with the functional regulator.

In determining whether to grant deposit insurance to an ILC, the FDIC must consider the same statutory factors of section 6 of the FDI Act, 12 U.S.C. §1816, that it considers for all other applications for deposit insurance. These factors are:

The financial history and condition of the depository institution;

The adequacy of its capital structure;

Its future earnings prospects;

The general character and fitness of its management;

The risk presented by such depository institution to the deposit insurance fund;

The convenience and needs of the community to be served by the depository institution; and

Whether its corporate powers are consistent with the purposes of the Act.

The FDIC has determined that there are two limitations in our authority regarding ILCs as compared to other institutions. These two limitations would be addressed by remedies included in the Financial Services Regulatory Relief Act of 2003, as proposed. These are:

Amendment to clarify the FDIC's cross-guarantee authority: As part of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Congress established a system that generally permits the FDIC to assess liability across commonly controlled institutions for FDIC losses caused by the default of one of the institutions. Currently, cross-guarantee liability is limited to insured depository institutions that are commonly controlled as defined in the statute. The definition of ''commonly controlled'' limits liability to insured depository institutions that are controlled by the same depository institution holding company, i.e., either a bank holding company or a savings and loan holding company. Since the parent company of an ILC is neither a bank holding company nor a savings and loan holding company, ILCs that are owned by the same parent company would not be ''commonly controlled.'' As a result, cross-guarantee liability may not attach to ILCs that are owned by the same parent company. The Financial Services regulatory Relief Act of 2003 contains language that would enhance the FDIC's efforts to protect the deposit insurance funds by establishing parity with other charter types. This discretionary authority would extend only against an insured depository institution under common control with the defaulting institution.

Amendment to clarify the FDIC's Golden Parachute authority: As part of H.R. 1375, there also is an amendment to section 18(k) of the FDI Act, 12 U.S.C. § 1828(k), to clarify that the FDIC could prohibit or limit a nonbank holding company's golden parachute payment or indemnification payment. In 1990 Congress authorized the FDIC to prohibit or limit prepayment of salaries or any liabilities or legal expenses of an institution-affiliated party by an insured depository institution or a depository institution holding company. Such payments are prohibited if they are made in contemplation of the insolvency of such institution or holding company or if they prevent the proper application of assets to creditors or create a preference for creditors of the institution. Due to the existing statutory definition of a depository institution holding company, it is not clear that the FDIC is authorized to prohibit these types of payments made by nonbank holding companies (such as ILC parent companies).

What differences, if any, exist between the manner in which the FDIC regulates industrial loan banks compared with commercial banks?

As indicated above, the FDIC regulates ILCs in the same manner as all other state nonmember institutions.

In your view, would ILCs pose a greater risk to the safety and soundness of the banking system than traditional banks if both received enhanced de novo interstate branching authority?

We do not believe that ILCs would pose a greater risk to the safety and soundness of the banking system than traditional banks if both received enhanced de novo interstate branching authority. As described above, insured ILCs are subject to the same Federal supervisory regime that applies to other insured institutions. ILC transactions with their parent companies are subject to the same restrictions that apply to transactions between other insured institutions and their parent companies.

Can you comment generally on the capital adequacy and safety and soundness record of the ILCs and compare these to the performance of commercial banks?

ILCs currently have an examination rating distribution that is similar to the insured banking universe. Similar to institutions with other charter types, an ILC's capital adequacy and overall safety and soundness is driven by the composition and stability of its lending, investing and funding activities as well as competence of management.

For troubled ILCs, several common issues have generally been evident, each reflecting faulty strategic or tactical decisions rather than issues of permissible activities, commercial affiliations, or the regulatory regime over the larger corporate organization:

Poorly conceived lending strategies, characterized by concentrations in relatively higher-risk loan problems, economic sectors, or borrowers, have resulted in an excessive volume of poor quality credits.

Less than satisfactory internal processes have hampered institutions' ability to identify and respond to changing circumstances, including deterioration in credit quality, which have thwarted timely corrective actions or collection efforts.

Reliance on potentially volatile funds management strategies, including wholesale deposit solicitations, borrowings, and large-scale loan sales, have placed additional strain on the institutions' earnings performance and liquidity posture.

If any institution is identified as troubled, the FDIC modifies its supervisory strategy. In addition, these institutions are generally subject to formal and informal enforcement actions. As a rule, the FDIC's supervisory strategies and specific actions are coordinated with those of the chartering state authority. Further, in those situations in which the parent organization controls multiple insured institutions, the FDIC also coordinates with the other state authorities or primary federal regulators to ensure that a comprehensive strategy is implemented.

Given the concerns some observers have raised about the ILCs' ability to affiliate with a commercial entity, it is important to note that the current group of troubled ILCs have problems that are not unique to the ILC charter, nor do the troubled ILCs have a history of unusual influence from parent companies or affiliates. As described above, the issues facing the troubled institutions are not dissimilar to those encountered under all charter types, including those in a traditional bank holding company framework.

Can you describe the regulatory framework that addresses safety and soundness concerns, or potential conflicts of interest, that may arise from the relationship of ILCs to their parent companies?

In general, the regulatory framework used to address safety and soundness concerns and potential conflicts of interest regarding an ILC and its parent is the same as that applicable to any insured state bank. For example, with regard to safety and soundness, section 8 of the FDI Act, 12 U.S.C. § 1818, generally provides the FDIC with the authority to (i) terminate or suspend the insurance of an ILC for unsafe or unsound practices or unsafe or unsound condition, and (ii) order the ILC to cease and desist from engaging in an unsafe or unsound practice, or from the violation of any law, rule, regulation, written condition imposed in connection with the granting of any application, or any written agreement with the FDIC.

We do not believe that the potential for conflicts of interest is any greater for ILCs than for other FDIC-insured institutions operating in a holding company structure. For example, an ILC and its parent company are subject to the tying restrictions of section 106 of the Bank Holding Company Act Amendments of 1970 to the same extent as if the ILC were a ''bank'' and the parent company were a ''bank holding company.'' Generally, the tying restrictions provide that a bank may not extend credit, sell or lease property, or furnish any service, or fix or vary the consideration for any of the foregoing based upon any of five specific conditions. Those conditions include, for example, that the customer obtain some additional credit, property or service from the holding company or an affiliate.

In order to ensure sufficient autonomy and insulation of the bank from the parent, the state authority or the FDIC typically imposes some or all of the following controls:

Executive ILC management is onsite at the ILC, as opposed to the sometimes distant location of the parent and affiliates;

The ILC Board of Directors consists of local representatives who are capable of providing strong oversight over the operations of the bank and establishing prudent policies and procedures;

Lending files, credit documentation and ILC policies are maintained at the institution and not the parent;

Lending policies and authorities are established and enforced by the ILC;

The bank's policies, processes and activities are consistent with regulatory laws, regulations, policy statements and other regulatory guidance;

Definitive bank-level business plans are established and followed by the bank;

All transactions with the parent or affiliate pass the strictest arms-length scrutiny; and

Sufficient resources are available at the ILC to carry out ILC activities.

With the above-noted prudential factors in place and experienced bankers at the helm of ILCs, we have not noted problems or issues unique to the ILC charter.

Mr. ROSS. Mr. Chairman, I am pleased to yield such time as he may consume to the gentleman from Utah (Mr. MATHESON), my colleague on the Committee on Financial Services and someone who has worked tirelessly on this piece of bipartisan commonsense legislation.

Mr. MATHESON. Mr. Chairman, I have listened to the debate today and there have been a couple of items that I think deserve some comment.

We have heard a lot of misinformation, in my opinion, about industrial loan companies. I think it is important that this Congress needs to go through an exercise in education about these institutions to learn about what they are and what they are not, and I want to address some of those things.

First of all, some people seem to think there is a lack of regulation; that ILCs are unregulated. That is not true. The FDIC regulates ILCs in the same manner as other State nonmember institutions. ILCs are subject to the FDIC safety and soundness regulations, as well as Federal consumer protections.

How about another thing that I often hear that I believe is a myth about this subject; that ILCs pose a threat to the safety and soundness of the national banking system. The fact is, overall, it is the FDIC's view that the ILC charters pose no greater safety and soundness risk than other charter types.

Another misconception out there about ILCs. Some people seem to think that ILCs may allow for inappropriate mixing of banking and commerce. The fact is, as the FDIC has said, they do not believe that the potential for conflict is any greater for ILCs than for other FDIC-insured institutions operating in a holding company structure. My colleague, the gentleman from California (Mr. ROYCE), is submitting a letter that was written by Chairman Powell from the FDIC that will provide greater expansion on those particular thoughts.

I voted for this bill when it came out of committee. I supported the regulatory relief bill, and I still think many components of the underlying bill are very good and positive. I am concerned about the components of the manager's amendment that tend to place restrictions on the branching capabilities of industrial loan companies.

Now, you will hear a lot of people, in the earlier debate on the rule and whatnot, saying these provisions do not go far enough; that we need greater restrictions. I want to point out there is another point of view, which is that I think these go too far. I do not think it is helpful. I think it is important we should talk about just what ILCs mean to this country, just so people will know.

Industrial loan banks are FDIC-regulated depository institutions. And, yes, they are chartered in five different States. There are more than 50 industrial loan banks in operation. They have been in operation for many years. They are subject to the same banking laws and are regulated in the same manner as other depository institutions. They are supervised and examined both by the States that charter them and by the FDIC. They are subject to the same general safety and soundness, consumer protection deposit insurance, Community Reinvestment Act, and other requirements that apply to other FDIC-insured depository institutions, and they have an exemplary record in serving the communities in which they operate.

Industrial loan banks have already been subject to the same rules regarding interstate branching as other banks. And although they have rarely used this authority, these banks have been authorized to open branches by acquisition, where State laws allow.

Most owners of industrial loan banks are exempted from the Bank Holding Company Act regulation through a specific provision added to the Bank Holding Company Act in 1987. This is neither a loophole nor a particularly unique provision. Similar Bank Holding Company Act exemptions apply to many institutions not owned by other companies, and to financial institutions that do not offer a full range of banking services, such as credit card banks, Edge Act banks, grandfathered ''nonbank banks,'' grandfathered ''unitary thrifts,'' and trust banks. These exemptions benefit bank customers. They introduce additional competition into the marketplace without increased risk to the deposit insurance system.

As I said earlier, some people will claim that these industrial loan banks are unregulated. That is just not true. They are subject to many of the same requirements as bank holding companies, such as strict restrictions on transactions with their bank affiliates. They are regulated under State law and are subject to examination by the FDIC and to prompt corrective action and capital guarantee requirements if the banks they control encounter financial difficulties. These tools, in the words of FDIC Chairman Donald Powell, allow the FDIC to manage the relationships between industrial loan banks and their parents ''with little or no risk to the deposit insurance funds, and no subsidy transferred to the nonbank parent.''

I think that it is important to note that what we are talking about here is choices. We have heard about, oh, these are only chartered in 5 States and that is to the detriment of 45 other States. This is about American consumers being given more choices; more choices and more efficiency in our economy. We should not be afraid of competition. There are various interest groups out there that are going to oppose ILCs. And I think they oppose them because they are saying, oh, gee, we are disadvantaged. I think they are trying to protect an advantage. Competition is good. Competition is a good thing in our country and in our economy here. It is something I would advocate for.

And I think the people have been well served in the many years in which ILCs have been in existence, and I think that businesses and consumers will continue to be served in all 50 States by the benefits of the services that industrial loan companies provide.

So as I said at the outset, a lot of things have been said. I think there is a lot of confusion about what ILCs are and are not. I have tried to walk through some of the fundamental comments that have been made that raise concern for me, and I would also suggest that this manager's amendment, which is a purported compromise, is not necessarily something that I agree with. I think it goes too far in being restrictive, and I think that it gives me concerns for a bill that otherwise passed through committee with very little controversy.

Mr. LEACH. Mr. Chairman, will the gentleman yield?

Mr. MATHESON. I yield to the gentleman from Iowa.

Mr. LEACH. Mr. Chairman, the gentleman is, of course, correct in part of what he says on regulation. But the reason that ILCs were exempted from the Bank Holding Company Act was they did not have all the powers of a bank. Now they are being given all the powers of a bank and also want to stay exempt from the Bank Holding Company Act.

What the Bank Holding Company Act says is that the parent of an ILC will be examined in a consolidated way, the way Europe is moving to, the same as the United States has attempted to establish in principle. But with this bill we make a breach in principle of profound dimensions. It is that examination of the bank holding company that is critical to an understanding of how you protect the taxpayer and how you protect the financial system. That is what is so important in this debate.

Mr. MATHESON. Reclaiming my time, Mr. Chairman, I appreciate the comments of the gentleman from Iowa. We have had discussions about this in the past and we tend to take a little bit different point of view on this issue.

But I do appreciate his mentioning some actions that are taking place within the European Union. Financial owners of industrial loan banks may very well soon be subject to further regulation, and holding company supervision will be driven by the European Union mandate that institutions doing business there be subject to consolidated holding company supervision.

It is my understanding the Securities and Exchange Commission has proposed a consolidated supervisory regime for holding companies predominantly engaged in securities business.

□ 1215

I do acknowledge that there are some other actions taking place to address this holding company issue and I am glad the gentleman raised that point. That being said, I guess I would just repeat one more time that I do believe that these are entities where, according to the Federal agency that regulates them now, the FDIC, they do not see any relationship in terms of, substantive, between the holding company and the bank component of the business.

Mr. LEACH. If the gentleman will yield on that point, as the gentleman knows there is a profound difference between the Federal Reserve and the FDIC on this point. The Federal Reserve holds the exact opposite position. The Federal Reserve is what is in charge of the payment system, and by this bill we are allowing people access to the payment system without thorough oversight of the parent company. All I am asking is that ILCs come under the same national law as everybody else that operates as the equivalent of a full service bank, nothing less, nothing more. But it does have the effect of devaluing all other financial institution charters. That is a concern, although the principal concern is protection of the public purse. In that regard, I agree that the FDIC has a different position.

But I only make one final point. Under the Gramm-Leach-Bliley Act, the effort was to have coordination of all the Federal banking regulators. Here you have one banking regulator that wants to operate outside coordination of all the others. In that regard, I have some concerns about FDIC judgment which I believe is driven by a desire to regulate a greater body of institutions. That is a personal view. Maybe they have other motives. I do not know. But I want Federal coordination. I want public protection to the maximum degree possible.

Mr. MATHESON. I appreciate those comments. I would just say I understand there is a difference between the FDIC and the Federal Reserve and there is a difference on this particular issue. I just want to point out that this is not just an ILC issue, though. There are other entities that are also not regulated by the Federal Reserve.

Mr. OXLEY. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Indiana (Mr. CHOCOLA).

(Mr. CHOCOLA asked and was given permission to revise and extend his remarks.)

Mr. CHOCOLA. I thank the gentleman for yielding me this time.

Mr. Chairman, the banking industry estimates that it spends approximately $25 billion annually to comply with the regulatory requirements imposed at the Federal and State levels of government. While some of these regulations help to ensure the reliability of our financial services sector, many of the mandates that emerge from Washington, D.C. are overly burdensome, unnecessarily costly, and oftentimes hinder profitability, innovation and competition. Whenever we can identify examples of unnecessary regulatory obstacles, Congress should act to eliminate them.

H.R. 1375, the Financial Services Regulatory Relief Act of 2004, is a well-crafted bill that does exactly that. It allows credit unions, savings associations, and national banks to devote more of their resources to the business of lending to consumers and less to the bureaucratic maze of compliance with outdated and unnecessary regulations. It contains a broad range of provisions that, taken as a whole, will help grant parity among financial institutions of all characters and sizes as well as the agencies that regulate them and, most importantly, the customers they serve.

Of the many important provisions in this bill, several are significant for Indiana's credit unions. For example, access to the Federal Home Loan Bank is available only for financial institutions that are federally insured. H.R. 1375 contains a provision that would allow privately insured financial institutions to join the Federal Home Loan Bank. The Federal Home Loan Bank is a significant low-cost source of funds that a credit union can use to expand loan products, especially mortgage loans, to its members. Indiana has more than 20 privately insured credit unions, including Elkhart County Farm Bureau Credit Union, whose members could benefit from access to the Federal Home Loan Bank.

Currently, credit unions may only offer check cashing and money transfer services to members. H.R. 1375 contains a provision that allows credit unions to offer these services to anyone who is eligible for membership but has not yet joined the credit union. This would allow credit unions to extend services to underserved consumers at a lower cost than check cashers and money transfer providers, while introducing them to mainstream financial services.

By passing this legislation, Congress will demonstrate its commitment to reducing the regulatory burden. I urge all of my colleagues to support H.R. 1375.

Mr. OXLEY. Mr. Chairman, I yield myself the balance of my time. I would simply say this has been a very good debate and, in fact, a great representation of the legislative process at work. We have had a lot of strong opinions, particularly on the ILC issue. But overall this is an attempt to provide regulatory relief to institutions who have undertaken a tremendous burden, particularly under the PATRIOT Act strictures. For that reason, this bill needs to go forward.

Ms. LEE. Mr. Chairman, although I do have some reservations about this bill, I rise in support of the vast majority of the underlying bill and want to praise the excellent bipartisan leadership exercised in crafting it and moving it to the floor today. It was a long time in the making and I congratulate my colleagues on their hard work.

The bill provides much needed regulatory relief to credit unions, national banks, and savings and loan institutions. We all know that regulations can do great good, but they need to be reexamined and refined from time to time, especially when new consumer protections are warranted and where they can provide needed flexibility to enhance efficiency.

This bill does exactly that and I am pleased with many of its provisions, especially those that will help the credit unions compete, thrive and improve their services to consumers.

Mr. Chairman, I hope that we will improve the bill before us today by adopting the Manager's amendment, and Waters amendment, among others.

Mr. CANTOR. Mr. Chairman, I rise today to speak in favor of The Financial Services Regulatory Relief Act. This important legislation will help relieve several of the regulatory burdens that hinder the business practices of financial institutions throughout our Nation. By lifting these regulations, banks, credit unions, and other institutions will be able to better serve the average American.

Particularly, I would like to mention the importance of Section 208 of this legislation. This provision would remove a limitation on savings associations that prevents them from offering a larger percentage of automobile loans to their customers.

Presently, automobile loans are included in the household or consumer loan restriction limit of 35% of an institution's assets. Many savings associations will be forced to stop or limit the number of automobile loan products they offer because of this restriction. With less competition in the marketplace, the American people will be left with fewer options to purchase automobiles.

The language currently in this legislation will remove automobile loans from household or consumer loan restriction. This provision will help guard against predatory practices and add flexibility to the lending industry by creating better marketplace options for the American consumer.

For over 150 years, thrift banks have focused on providing consumers with the necessary means to obtain the American dream of ownership. We should not limit Americans in that dream.

Mr. Chairman, I would like to thank the Financial Services Committee and Chairman OXLEY for including this important provision in H.R. 1375. I urge that we pass this legislation, and I yield back the balance of my time.

Mr. TERRY. Mr. Chairman, I rise today in reluctant opposition to H.R. 1375.

The United States is a government of limited powers and of Federalism. We defer to the States to make their own determinations to ensure the health, welfare, and consumer protection of their citizens.

During my legislative career, I have fought to ease the regulatory burden on our Nation's businesses, our Nation's engines for growth. I have fought against unwarranted government intrusion.

As much as I support the removal of unnecessary and onerous regulatory burdens on our Nation's businesses, I am also a strong supporter of States rights.

In America we do not take a one-size-fits-all approach to government. One reason why we enjoy the highest standard of living in the world is because we have a laboratory of our States who are given the freedom to set their own paths. Similar to completion in the private sector, we allow States to offer competing plans to protect the safety and welfare of their citizens.

H.R. 1375 has many admirable provisions to ease the regulatory environment on our Nation's financial service industry; however, the bill amends the interstate branching laws to permit de novo interstate branching, thus eliminating the State's role in "entry-by-acquisition" only rules that apply under Federal law today. This is an unjustified unsurpation of State regulatory authority.

Currently, de novo interstate branching may occur only if a State's law expressly permits it. Seventeen States have passed laws that permit de novo branching, while thirty-three States, like Nebraska, do not.

It is for this reason only I reluctantly cannot support H.R. 1375.

Mr. CASTLE. Mr. Chairman, I rise today in support of H.R. 1375, the "Financial Services Regulatory Relief Act." I commend Chairman OXLEY and Subcommittee Chairman BACHUS for continuing the Financial Services Committee's efforts to address regulatory relief for our financial institutions.

This legislation will address regulatory relief for a number of financial institution systems; banks, savings associations and credit unions. It eases regulatory burden which in turn will improve productivity, ultimately benefiting consumers and small businesses.

As Members of Congress it is important for us not to forget our role in oversight of the laws and regulations that we create and address the regulations as needed. We should ensure that the laws and regulations we create follow our original intent and are not overly burdensome. I commend our committee for revisiting the regulatory requirements. It is essential we make sure we have streamlined them for efficiency and not made them overly onerous.

Mr. Chairman, this legislation is a good bipartisan bill that members of the Financial Services Committee held a number of hearings on. I am pleased today that we have brought this much needed bill to the floor. I urge my colleagues on both sides of the aisle to join me in supporting this important and very necessary legislation.

Mr. BEREUTER. Mr. Chairman, this Member has been a strong supporter of regulatory burden relief for our financial institutions in the past. However, this Member will oppose the Financial Services Regulatory Relief Act of 2003 (H.R. 1375) because of the provisions which preempt the laws of over 30 states on either interstate bank branching, the bank acquisition "age" requirements or both. As a former State senator in the Nebraska Unicameral legislature, this Member believes Congress should continue to defer to State legislatures on these questions.

Under current Federal law, State and national chartered banks can branch de novo into a new State only if the State explicitly permits de novo interstate branching. This provision of Federal law was enacted in the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994. Furthermore, under Riegle-Neal, bank holding companies are permitted to acquire an existing bank in any State. However, under this law, a state can adopt "age" laws which provide that a bank holding company located out-of-State can only acquire a bank in the State if the bank has been in existence for a certain amount of time (up to 5 years) as determined by the State.

Section 401 of H.R. 1375 would preempt State laws as they relate to both interstate bank branching and the "age" requirement for the acquisition of existing banks. In the 107th Congress, this Member did offer an amendment on this subject during a Financial Services Committee Markup of the Financial Services Regulatory Relief Act of 2002. This Member's amendment would have deleted the provision of this bill which preempted the laws of States on bank branching and bank acquisition. Unfortunately, the amendment was defeated by a vote of 13 to 32.

In conclusion, this Member will oppose H.R. 1375 because of the provisions in Section 401 which preempted the laws of over 30 States. This Member strongly believes that these banking questions should be left to our State legislatures.

Mr. GUTIERREZ. Mr. Chairman, I had intended to offer an amendment on this legislation regarding the OCC preemption rules, but withdrew it in anticipation of revisiting that important issue soon on other legislation.

I do, however, want to state my strong support for a particular provision of H.R. 1375, the Financial Services Regulatory Relief Act of 2003. I am very pleased that credit unions will be permitted to offer remittance products to nonmembers under this legislation. I want to thank Chairman OXLEY, Ranking Member FRANK, CHARLIE GONZALEZ and DOUG OSE for their work on this important provision. Credit unions offer the lowest cost remittance products and the best exchange rates on the market. In addition, increased competition in this arena will provide more favorable options for consumers.

This is most important because many purveyors of remittance products charge extremely high fees and provide very unfavorable exchange rates to their consumers, and they often fail to provide adequate disclosure. I have legislation that addresses this issue, requiring meaningful disclosure of fees and rates, in the language that is used to advertise and/or transact business with consumers. I hope this meaningful legislation will soon advance to floor consideration.

Again, thank you, Chairman OXLEY and Ranking Member FRANK, for including this important remittance provision in the legislation.

Mr. OXLEY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. SIMMONS). All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 1375

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Services Regulatory Relief Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—NATIONAL BANK PROVISIONS

SEC. 101. NATIONAL BANK DIRECTORS.

Section 5146 of the Revised Statutes of the United States (12 U.S.C. 72) is amended—

(1) by striking ''SEC. 5146. Every director must during'' and inserting the following:

''SEC. 5146. REQUIREMENTS FOR BANK DIRECTORS.

''(a) RESIDENCY REQUIREMENTS.—Every director of a national bank shall, during'';

(2) by striking ''total number of directors. Every director must own in his or her own right'' and inserting ''total number of directors.

''(b) INVESTMENT REQUIREMENT.—

''(1) IN GENERAL.—Every director of a national bank shall own, in his or her own right,''; and

(3) by adding at the end the following new paragraph:

''(2) EXCEPTION FOR SUBORDINATED DEBT IN CERTAIN CASES.—In lieu of the requirements of paragraph (1) relating to the ownership of capital stock in the national bank, the Comptroller of the Currency may, by regulation or order, permit an individual to serve as a director of a national bank that has elected, or notifies the Comptroller of the bank's intention to elect, to operate as a S corporation pursuant to section 1362(a) of the Internal Revenue Code of 1986, if that individual holds debt of at least $1,000 issued by the national bank that is subordinated to the interests of depositors and other general creditors of the national bank.''.

SEC. 102. VOTING IN SHAREHOLDER ELECTIONS.

Section 5144 of the Revised Statutes of the United States (12 U.S.C. 61) is amended—

(1) by striking ''or to cumulate'' and inserting ''or, if so provided by the articles of association of the national bank, to cumulate'';

(2) by striking the comma after ''his shares shall equal''; and

(3) by adding at the end the following new sentence: ''The Comptroller of the Currency may prescribe such regulations to carry out the purposes of this section as the Comptroller determines to be appropriate.''.

SEC. 103. SIMPLIFYING DIVIDEND CALCULATIONS FOR NATIONAL BANKS.

(a) IN GENERAL.—Section 5199 of the Revised Statutes of the United States (12 U.S.C. 60) is amended to read as follows:

''SEC. 5199. NATIONAL BANK DIVIDENDS.

''(a) IN GENERAL.—Subject to subsection (b), the directors of any national bank may declare a dividend of so much of the undivided profits of the bank as the directors judge to be expedient.

''(b) APPROVAL REQUIRED UNDER CERTAIN CIRCUMSTANCES.—A national bank may not declare and pay dividends in any year in excess of an amount equal to the sum of the total of the net income of the bank for that year and the retained net income of the bank in the preceding two years, minus any transfers required by the Comptroller of the Currency (including any transfers required to be made to a fund for the retirement of any preferred stock), unless the Comptroller of the Currency approves the declaration and payment of dividends in excess of such amount.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter three of title LXII of the Revised Statutes of the United States is amended by striking the item relating to section 5199 and inserting the following new item:

''5199. National bank dividends.''.

SEC. 104. REPEAL OF OBSOLETE LIMITATION ON REMOVAL AUTHORITY OF THE COMPTROLLER OF THE CURRENCY.

Section 8(e)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)(4)) is amended by striking the 5th sentence.

SEC. 105. REPEAL OF INTRASTATE BRANCH CAPITAL REQUIREMENTS.

Section 5155(c) of the Revised Statutes of the United States (12 U.S.C. 36(c)) is amended—

(1) in the 2nd sentence, by striking '', without regard to the capital requirements of this section,''; and

(2) by striking the last sentence.

SEC. 106. CLARIFICATION OF WAIVER OF PUBLICATION REQUIREMENTS FOR BANK MERGER NOTICES.

The last sentence of sections 2(a) and 3(a)(2) of the National Bank Consolidation and Merger Act (12 U.S.C. 215(a) and 215a(a)(2), respectively) are each amended by striking ''Publication of notice may be waived, in cases where the Comptroller determines that an emergency exists justifying such waiver, by unanimous action of the shareholders of the association or State bank'' and inserting ''Publication of notice may be waived if the Comptroller determines that an emergency exists justifying such waiver or if the shareholders of the association or State bank agree by unanimous action to waive the publication requirement for their respective institutions''.

SEC. 107. CAPITAL EQUIVALENCY DEPOSITS FOR FEDERAL BRANCHES AND AGENCIES OF FOREIGN BANKS.

Section 4(g) of the International Banking Act of 1978 (12 U.S.C. 3102(g)) is amended to read as follows:

''(g) CAPITAL EQUIVALENCY DEPOSIT.—

''(1) IN GENERAL.—Upon the opening of a Federal branch or agency of a foreign bank in any State and thereafter, the foreign bank, in addition to any deposit requirements imposed under section 6, shall keep on deposit, in accordance with such regulations as the Comptroller of the Currency may prescribe in accordance with paragraph (2), dollar deposits, investment securities, or other assets in such amounts as the Comptroller of the Currency determines to be necessary for the protection of depositors and other investors and to be consistent with the principles of safety and soundness.

''(2) LIMITATION.—Notwithstanding paragraph (1), regulations prescribed under such paragraph shall not permit a foreign bank to keep assets on deposit in an amount that is less than the amount required for a State licensed branch or agency of a foreign bank under the laws and regulations of the State in which the Federal agency or branch is located.''.

SEC. 108. EQUAL TREATMENT FOR FEDERAL AGENCIES OF FOREIGN BANKS.

The 1st sentence of section 4(d) of the International Banking Act of 1978 (12 U.S.C. 3102(d)) is amended by inserting ''from citizens or residents of the United States'' after ''deposits''.

SEC. 109. MAINTENANCE OF A FEDERAL BRANCH AND A FEDERAL AGENCY IN THE SAME STATE.

Section 4(e) of the International Banking Act of 1978 (12 U.S.C. 3102(e)) is amended by inserting ''if the maintenance of both an agency and a branch in the State is prohibited under the law of such State'' before the period at the end.

SEC. 110. BUSINESS ORGANIZATION FLEXIBILITY FOR NATIONAL BANKS.

(a) IN GENERAL.—Chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended by inserting after section 5136B the following new section:

''SEC. 5136C. ALTERNATIVE BUSINESS ORGANIZATION.

''(a) IN GENERAL.—The Comptroller of the Currency may prescribe regulations—

''(1) to permit a national bank to be organized other than as a body corporate; and

''(2) to provide requirements for the organizational characteristics of a national bank organized and operating other than as a body corporate, consistent with the safety and soundness of the national bank.

''(b) EQUAL TREATMENT.—Except as provided in regulations prescribed under subsection (a), a national bank that is operating other than as a body corporate shall have the same rights and privileges and shall be subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations as a national bank that is organized as a body corporate.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended, in the matter preceding the paragraph designated as the ''First'', by inserting ''or other form of business organization provided under regulations prescribed by the Comptroller of the Currency under section 5136C'' after ''a body corporate''.

(c) CLERICAL AMENDMENT.—The table of sections for chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended by inserting after the item relating to section 5136B the following new item:

''5136C. Alternative business organization.''.

SEC. 111. CLARIFICATION OF THE MAIN PLACE OF BUSINESS OF A NATIONAL BANK.

Title LXII of the Revised Statutes of the United States is amended—

(1) in the paragraph designated the ''Second'' of section 5134 (12 U.S.C. 22), by striking ''The place where its operations of discount and deposit are to be carried on'' and inserting ''The place where the main office of the national bank is, or is to be, located''; and

(2) in section 5190 (12 U.S.C. 81), by striking ''the place specified in its organization certificate'' and inserting ''the main office of the national bank''.

TITLE II—SAVINGS ASSOCIATION PROVISIONS

SEC. 201. PARITY FOR SAVINGS ASSOCIATIONS UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND THE INVESTMENT ADVISERS ACT OF 1940.

(a) SECURITIES EXCHANGE ACT OF 1934.—

(1) DEFINITION OF BANK.—Section 3(a)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) is amended—

(A) in subparagraph (A), by inserting ''or a Federal savings association, as defined in section 2(5) of the Home Owners' Loan Act'' after ''a banking institution organized under the laws of the United States''; and

(B) in subparagraph (C)—

(i) by inserting ''or savings association as defined in section 2(4) of the Home Owners' Loan Act,'' after ''banking institution,''; and

(ii) by inserting ''or savings associations'' after ''having supervision over banks''.

(2) INCLUDE OTS UNDER THE DEFINITION OF APPROPRIATE REGULATORY AGENCY FOR CERTAIN PURPOSES.—Section 3(a)(34) of such Act (15 U.S.C. 78c(a)(34)) is amended—

(A) in subparagraph (A)—

(i) in clause (ii), by striking ''(i) or (iii)'' and inserting ''(i), (iii), or (iv)'';

(ii) by striking ''and'' at the end of clause (iii);

(iii) by redesignating clause (iv) as clause (v); and

(iv) by inserting the following new clause after clause (iii):

''(iv) the Director of the Office of Thrift Supervision, in the case of a savings association (as defined in section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b))) the deposits of which are insured by the Federal Deposit Insurance Corporation, a subsidiary or a department or division of any such savings association, or a savings and loan holding company; and'';

(B) in subparagraph (B)—

(i) in clause (ii), by striking ''(i) or (iii)'' and inserting ''(i), (iii), or (iv)'';

(ii) by striking ''and'' at the end of clause (iii);

(iii) by redesignating clause (iv) as clause (v); and

(iv) by inserting the following new clause after clause (iii):

''(iv) the Director of the Office of Thrift Supervision, in the case of a savings association (as defined in section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b))) the deposits of which are insured by the Federal Deposit Insurance Corporation, or a subsidiary of any such savings association, or a savings and loan holding company; and'';

(C) in subparagraph (C)—

(i) in clause (ii), by striking ''(i) or (iii)'' and inserting ''(i), (iii), or (iv)'';

(ii) by striking ''and'' at the end of clause (iii);

(iii) by redesignating clause (iv) as clause (v); and

(iv) by inserting the following new clause after clause (iii):

''(iv) the Director of the Office of Thrift Supervision, in the case of a savings association (as defined in section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b))) the deposits of which are insured by the Federal Deposit Insurance Corporation, a savings and loan holding company, or a subsidiary of a savings and loan holding company when the appropriate regulatory agency for such clearing agency is not the Commission; and'';

(D) in subparagraph (D)—

(i) by striking ''and'' at the end of clause (ii);

(ii) by redesignating clause (iii) as clause (iv); and

(iii) by inserting the following new clause after clause (ii):

''(iii) the Director of the Office of Thrift Supervision, in the case of a savings association (as defined in section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b))) the deposits of which are insured by the Federal Deposit Insurance Corporation; and'';

(E) in subparagraph (F)—

(i) by redesignating clauses (ii), (iii), and (iv) as clauses (iii), (iv), and (v), respectively; and

(ii) by inserting the following new clause after clause (i):

''(ii) the Director of the Office of Thrift Supervision, in the case of a savings association (as defined in section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b))) the deposits of which are insured by the Federal Deposit Insurance Corporation; and'';

(F) by moving subparagraph (H) and inserting such subparagraph after subparagraph (G); and

(G) by adding at the end the following new sentence: ''As used in this paragraph, the term 'savings and loan holding company' has the meaning given it in section 10(a) of the Home Owners' Loan Act (12 U.S.C. 1467a(a)).''.

(b) INVESTMENT ADVISERS ACT OF 1940.—

(1) DEFINITION OF BANK.—Section 202(a)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(2)) is amended—

(A) in subparagraph (A) by inserting ''or a Federal savings association, as defined in section 2(5) of the Home Owners' Loan Act'' after ''a banking institution organized under the laws of the United States''; and

(B) in subparagraph (C)—

(i) by inserting '', savings association as defined in section 2(4) of the Home Owners' Loan Act,'' after ''banking institution''; and

(ii) by inserting ''or savings associations'' after ''having supervision over banks''.

(2) CONFORMING AMENDMENTS.—Subsections (a)(1)(A)(i), (a)(1)(B), (a)(2), and (b) of section 210A of such Act (15 U.S.C. 80b–10a), as added by section 220 of the Gramm-Leach-Bliley Act, are each amended by striking ''bank holding company'' each place it occurs and inserting ''bank holding company or savings and loan holding company''.

(c) CONFORMING AMENDMENT TO THE INVESTMENT COMPANY ACT OF 1940.—Section 10(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–10(c)), as amended by section 213(c) of the Gramm-Leach-Bliley Act, is amended by inserting after ''1956)'' the following: ''or any one savings and loan holding company (together with its affiliates and subsidiaries) (as such terms are defined in section 10 of the Home Owners' Loan Act)''.

SEC. 202. INVESTMENTS BY FEDERAL SAVINGS ASSOCIATIONS AUTHORIZED TO PROMOTE THE PUBLIC WELFARE.

(a) IN GENERAL.—Section 5(c)(3) of the Home Owners' Loan Act (12 U.S.C. 1464(c)) is amended by adding at the end the following new subparagraph:

''(D) DIRECT INVESTMENTS TO PROMOTE THE PUBLIC WELFARE.—

''(i) IN GENERAL.—A Federal savings association may make investments designed primarily to promote the public welfare, including the welfare of low- and moderate-income communities or families through the provision of housing, services, and jobs.

''(ii) DIRECT INVESTMENTS OR ACQUISITION OF INTEREST IN OTHER COMPANIES.—Investments under clause (i) may be made directly or by purchasing interests in an entity primarily engaged in making such investments.

''(iii) PROHIBITION ON UNLIMITED LIABILITY.—No investment may be made under this subparagraph which would subject a Federal savings association to unlimited liability to any person.

''(iv) SINGLE INVESTMENT LIMITATION TO BE ESTABLISHED BY DIRECTOR.—Subject to clauses (v) and (vi), the Director shall establish, by order or regulation, limits on—

''(I) the amount any savings association may invest in any 1 project; and

''(II) the aggregate amount of investment of any savings association under this subparagraph.

''(v) FLEXIBLE AGGREGATE INVESTMENT LIMITATION.—The aggregate amount of investments of any savings association under this subparagraph may not exceed an amount equal to the sum of 5 percent of the savings association's capital stock actually paid in and unimpaired and 5 percent of the savings association's unimpaired surplus, unless—

''(I) the Director determines that the savings association is adequately capitalized; and

''(II) the Director determines, by order, that the aggregate amount of investments in a higher amount than the limit under this clause will pose no significant risk to the affected deposit insurance fund.

''(vi) MAXIMUM AGGREGATE INVESTMENT LIMITATION.—Notwithstanding clause (v), the aggregate amount of investments of any savings association under this subparagraph may not exceed an amount equal to the sum of 10 percent of the savings association's capital stock actually paid in and unimpaired and 10 percent of the savings association's unimpaired surplus.

''(vii) INVESTMENTS NOT SUBJECT TO OTHER LIMITATION ON QUALITY OF INVESTMENTS.—No obligation a Federal savings association acquires or retains under this subparagraph shall be taken into account for purposes of the limitation contained in section 28(d) of the Federal Deposit Insurance Act on the acquisition and retention of any corporate debt security not of investment grade.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 5(c)(3)(A) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(3)(A)) is amended to read as follows:

''(A) [Repealed.]''.

SEC. 203. MERGERS AND CONSOLIDATIONS OF FEDERAL SAVINGS ASSOCIATIONS WITH NONDEPOSITORY INSTITUTION AFFILIATES.

Section 5(d)(3) of the Home Owners' Loan Act (12 U.S.C. 1464(d)(3)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) by inserting after subparagraph (A) the following new subparagraph:

''(B) MERGERS AND CONSOLIDATIONS WITH NONDEPOSITORY INSTITUTION AFFILIATES.—

''(i) IN GENERAL.—Upon the approval of the Director, a Federal savings association may merge with any nondepository institution affiliate of the savings association.

''(ii) RULE OF CONSTRUCTION.—No provision of clause (i) shall be construed as—

''(I) affecting the applicability of section 18(c) of the Federal Deposit Insurance Act; or

''(II) granting a Federal savings association any power or any authority to engage in any activity that is not authorized for a Federal savings association under any other provision of this Act or any other provision of law.''.

SEC. 204. REPEAL OF STATUTORY DIVIDEND NOTICE REQUIREMENT FOR SAVINGS ASSOCIATION SUBSIDIARIES OF SAVINGS AND LOAN HOLDING COMPANIES.

Section 10(f) of the Home Owners' Loan Act (12 U.S.C. 1467a(f)) is amended to read as follows:

''(f) DECLARATION OF DIVIDEND.—The Director may—

''(1) require a savings association that is a subsidiary of a savings and loan holding company to give prior notice to the Director of the intent of the savings association to pay a dividend on its guaranty, permanent, or other nonwithdrawable stock; and

''(2) establish conditions on the payment of dividends by such a savings association.''.

SEC. 205. MODERNIZING STATUTORY AUTHORITY FOR TRUST OWNERSHIP OF SAVINGS ASSOCIATIONS.

(a) IN GENERAL.—Section 10(a)(1)(C) of the Home Owners' Loan Act (12 U.S.C. 1467a(a)(1)(C)) is amended—

(1) by striking ''trust,'' and inserting ''business trust,''; and

(2) by inserting ''or any other trust unless by its terms it must terminate within 25 years or not later than 21 years and 10 months after the death of individuals living on the effective date of the trust,'' after ''or similar organization,''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 10(a)(3) of the Home Owners' Loan Act (12 U.S.C. 1467a(a)(3)) is amended—

(1) by striking ''does not include—'' and all that follows through ''any company by virtue''

where such term appears in subparagraph (A) and inserting ''does not include any company by virtue'';

(2) by striking ''; and'' at the end of subparagraph (A) and inserting a period; and

(3) by striking subparagraph (B).

SEC. 206. REPEAL OF OVERLAPPING RULES GOVERNING PURCHASED MORTGAGE SERVICING RIGHTS.

Section 5(t) of the Home Owners' Loan Act (12 U.S.C. 1464(t)) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

''(4) [Repealed.]''; and

(2) in paragraph (9)(A), by striking ''intangible assets, plus'' and all that follows through the period at the end and inserting ''intangible assets.''.

SEC. 207. RESTATEMENT OF AUTHORITY FOR FEDERAL SAVINGS ASSOCIATIONS TO INVEST IN SMALL BUSINESS INVESTMENT COMPANIES.

Subparagraph (D) of section 5(c)(4) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)) is amended to read as follows:

''(D) SMALL BUSINESS INVESTMENT COMPANIES.—Any Federal savings association may invest in 1 or more small business investment companies, or in any entity established to invest solely in small business investment companies formed under the Small Business Investment Act of 1958, except that the total amount of investments under this subparagraph may not at any time exceed the amount equal to 5 percent of capital and surplus of the savings association.''.

SEC. 208. REMOVAL OF LIMITATION ON INVESTMENTS IN AUTO LOANS.

(a) IN GENERAL.—Section 5(c)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(1)) is amended by adding at the end the following new subparagraph:

''(V) AUTO LOANS.—Loans and leases for motor vehicles acquired for personal, family, or household purposes.''.

(b) TECHNICAL AND CONFORMING AMENDMENT RELATING TO QUALIFIED THRIFT INVESTMENTS.—Section 10(m)(4)(C)(ii) of the Home Owners' Loan Act (12 U.S.C. 1467a(m)(4)(C)(ii)) is amended by adding at the end the following new subclause:

''(VIII) Loans and leases for motor vehicles acquired for personal, family, or household purposes.''.

SEC. 209. SELLING AND OFFERING OF DEPOSIT PRODUCTS.

Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(h)) is amended by adding at the end the following new paragraph:

''(4) SELLING AND OFFERING OF DEPOSIT PRODUCTS.—No law, rule, regulation, or order, or other administrative action of any State or political subdivision thereof shall directly or indirectly require any individual who is an agent of 1 Federal savings association (as such term is defined in section 2(5) of the Home Owners' Loan Act (12 U.S.C. 1462(5)) in selling or offering deposit (as such term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)) products issued by such association to qualify or register as a broker, dealer, associated person of a broker, or associated person of a dealer, or to qualify or register in any other similar status or capacity, if the individual does not—

''(A) accept deposits or make withdrawals on behalf of any customer of the association;

''(B) offer or sell a deposit product as an agent for another entity that is not subject to supervision and examination by a Federal banking agency (as defined in section 3(z) of the Federal Deposit Insurance Act (12 U.S.C. 1813(z)), the National Credit Union Administration, or any officer, agency, or other entity of any State which has primary regulatory authority over State banks, State savings associations, or State credit unions;

''(C) offer or sell a deposit product that is not an insured deposit (as defined in section 3(m) of the Federal Deposit Insurance Act (12 U.S.C. 1813(m)));

''(D) offer or sell a deposit product which contains a feature that makes it callable at the option of such Federal savings association; or

''(E) create a secondary market with respect to a deposit product or otherwise add enhancements or features to such product independent of those offered by the association.''.

SEC. 210. FUNERAL- AND CEMETERY-RELATED FIDUCIARY SERVICES.

Section 5(n) of the Home Owners' Loan Act (12 U.S.C. 1464(n)) is amended by adding at the end the following new paragraph:

''(11) FUNERAL- AND CEMETERY-RELATED FIDUCIARY SERVICES.—

''(A) IN GENERAL.—A funeral director or cemetery operator, when acting in such capacity, (or any other person in connection with a contract or other agreement with a funeral director or cemetery operator) may engage any Federal savings association, regardless of where the association is located, to act in any fiduciary capacity in which the savings association has the right to act in accordance with this section, including holding funds deposited in trust or escrow by the funeral director or cemetery operator (or by such other party), and the savings association may act in such fiduciary capacity on behalf of the funeral director or cemetery operator (or such other person).

''(B) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

''(i) CEMETERY.—The term 'cemetery' means any land or structure used, or intended to be used, for the interment of human remains in any form.

''(ii) CEMETERY OPERATOR.—The term 'cemetery operator' means any person who contracts or accepts payment for merchandise, endowment, or perpetual care services in connection with a cemetery.

''(iii) FUNERAL DIRECTOR.—The term 'funeral director' means any person who contracts or accepts payment to provide or arrange—

''(I) services for the final disposition of human remains; or

''(II) funeral services, property, or merchandise (including cemetery services, property, or merchandise).''.

SEC. 211. REPEAL OF QUALIFIED THRIFT LENDER REQUIREMENT WITH RESPECT TO OUT-OF-STATE BRANCHES.

Section 5(r)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(r)(1)) is amended by striking the last sentence.

SEC. 212. SMALL BUSINESS AND OTHER COMMERCIAL LOANS.

(a) ELIMINATION OF LENDING LIMIT ON SMALL BUSINESS LOANS.—Section 5(c)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(1)) is amended by inserting after subparagraph (V) (as added by section 208 of this title) the following new subparagraph:

''(W) SMALL BUSINESS LOANS.—Small business loans, as defined in regulations which the Director shall prescribe.''.

(b) INCREASE IN LENDING LIMIT ON OTHER BUSINESS LOANS.—Section 5(c)(2)(A) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(2)(A)) is amended by striking '', and amounts in excess of 10 percent'' and all that follows through ''by the Director''.

SEC. 213. CLARIFYING CITIZENSHIP OF FEDERAL SAVINGS ASSOCIATIONS FOR FEDERAL COURT JURISDICTION.

Section 5 of the Home Owners' Loan Act (12 U.S.C. 1464) is amended by adding at the end the following new subsection:

''(x) HOME STATE CITIZENSHIP.—In determining whether a Federal court has diversity jurisdiction over a case in which a Federal savings association is a party, the Federal savings association shall be considered to be a citizen only of the State in which such savings association has its main office.''.

SEC. 214. CLARIFICATION OF APPLICABILITY OF CERTAIN PROCEDURAL DOCTRINES.

Section 11A(d) of the Federal Deposit Insurance Act (12 U.S.C. 1821a(d)) is amended—

(1) by striking ''LEGAL PROCEEDINGS.—Any judgment'' and inserting ''LEGAL PROCEEDINGS.—

''(1) IN GENERAL.—Any judgment''; and

(2) by adding at the end the following new paragraph:

''(2) CLARIFICATION OF APPLICABILITY OF CERTAIN PROCEDURAL DOCTRINES.—In any proceeding seeking a monetary recovery against the United States, or an agency or official thereof, based upon actions of the Federal Savings and Loan Insurance Corporation prior to its dissolution, or the Federal Home Loan Bank Board prior to its dissolution, and arising from the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 or its implementation, and where any monetary recovery in such proceeding would be paid from the FSLIC Resolution Fund or any supplements thereto, neither the United States Court of Federal Claims, the United States Court of Appeals for the Federal Circuit, nor any other court of competent jurisdiction shall dismiss, or affirm on appeal the dismissal of, the claims of any party seeking such monetary recovery, on the basis of res judicata, collateral estoppel, or any similar doctrine, defense, or rule of law, based upon any decision, opinion, or order of judgment entered by any court prior to July 1, 1996. Unless some other defense is applicable, in any such proceeding, the United States Court of Federal Claims, the United States Court of Appeals for the Federal Circuit, and any other court of competent jurisdiction shall review the merits of the claims of the party seeking such monetary relief and shall enter judgment accordingly.''.

TITLE III—CREDIT UNION PROVISIONS

SEC. 301. PRIVATELY INSURED CREDIT UNIONS AUTHORIZED TO BECOME MEMBERS OF A FEDERAL HOME LOAN BANK.

(a) IN GENERAL.—Section 4(a) of the Federal Home Loan Bank Act (12 U.S.C. 1424(a)) is amended by adding at the end the following new paragraph:

''(5) CERTAIN PRIVATELY INSURED CREDIT UNIONS.—

''(A) IN GENERAL.—A credit union which has been determined, in accordance with section 43(e)(1) of the Federal Deposit Insurance Act and subject to the requirements of subparagraph (B), to meet all eligibility requirements for Federal deposit insurance shall be treated as an insured depository institution for purposes of determining the eligibility of such credit union for membership in a Federal home loan bank under paragraphs (1), (2), and (3).

''(B) CERTIFICATION BY APPROPRIATE SUPERVISOR.—

''(i) IN GENERAL.—For purposes of this paragraph and subject to clause (ii), a credit union which lacks Federal deposit insurance and which has applied for membership in a Federal home loan bank may be treated as meeting all the eligibility requirements for Federal deposit insurance only if the appropriate supervisor of the State in which the credit union is chartered has determined that the credit union meets all the eligibility requirements for Federal deposit insurance as of the date of the application for membership.

''(ii) CERTIFICATION DEEMED VALID.—If, in the case of any credit union to which clause (i) applies, the appropriate supervisor of the State in which such credit union is chartered fails to make a determination pursuant to such clause by the end of the 6-month period beginning on the date of the application, the credit union shall be deemed to have met the requirements of clause (i).

''(C) SECURITY INTERESTS OF FEDERAL HOME LOAN BANK NOT AVOIDABLE.—Notwithstanding any provision of State law authorizing a conservator or liquidating agent of a credit union to repudiate contracts, no such provision shall apply with respect to—

''(i) any extension of credit from any Federal home loan bank to any credit union which is a

member of any such bank pursuant to this paragraph; or

''(ii) any security interest in the assets of such credit union securing any such extension of credit.''.

(b) COPIES OF AUDITS OF PRIVATE INSURERS OF CERTAIN DEPOSITORY INSTITUTIONS REQUIRED TO BE PROVIDED TO SUPERVISORY AGENCIES.—Section 43(a)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1831t(a)(2)) is amended—

(1) by striking ''and'' at the end of subparagraph (A)(i);

(2) by striking the period at the end of clause (ii) of subparagraph (A) and inserting a semicolon;

(3) by inserting the following new clauses at the end of subparagraph (A):

''(iii) in the case of depository institutions described in subsection (f)(2)(A) the deposits of which are insured by the private insurer, the National Credit Union Administration, not later than 7 days after that audit is completed; and

''(iv) in the case of depository institutions described in subsection (f)(2)(A) the deposits of which are insured by the private insurer which are members of a Federal home loan bank, the Federal Housing Finance Board, not later than 7 days after that audit is completed.''; and

(4) by adding at the end the following new subparagraph:

''(C) CONSULTATION.—The appropriate supervisory agency of each State in which a private deposit insurer insures deposits in an institution described in subsection (f)(2)(A) which—

''(i) lacks Federal deposit insurance; and

''(ii) has become a member of a Federal home loan bank,

shall provide the National Credit Union Administration, upon request, with the results of any examination and reports related thereto concerning the private deposit insurer to which such agency may have in its possession.''.

SEC. 302. LEASES OF LAND ON FEDERAL FACILITIES FOR CREDIT UNIONS.

(a) IN GENERAL.—Section 124 of the Federal Credit Union Act (12 U.S.C. 1770) is amended—

(1) by striking ''Upon application by any credit union'' and inserting ''Notwithstanding any other provision of law, upon application by any credit union'';

(2) by inserting ''on lands reserved for the use of, and under the exclusive or concurrent jurisdiction of, the United States or'' after ''officer or agency of the United States charged with the allotment of space'';

(3) by inserting ''lease land or'' after ''such officer or agency may in his or its discretion''; and

(4) by inserting ''or the facility built on the lease land'' after ''credit union to be served by the allotment of space''.

(b) CLERICAL AMENDMENT.—The heading for section 124 is amended by inserting ''OR FEDERAL LAND'' after ''BUILDINGS''.

SEC. 303. INVESTMENTS IN SECURITIES BY FEDERAL CREDIT UNIONS.

Section 107 of the Federal Credit Union Act (12 U.S.C. 1757) is amended—

(1) in the matter preceding paragraph (1) by striking ''A Federal credit union'' and inserting ''(a) IN GENERAL.—Any Federal credit union''; and

(2) by adding at the end the following new subsection:

''(b) INVESTMENT FOR THE CREDIT UNION'S OWN ACCOUNT.—

''(1) IN GENERAL.—A Federal credit union may purchase and hold for its own account such investment securities of investment grade as the Board may authorize by regulation, subject to such limitations and restrictions as the Board may prescribe in the regulations.

''(2) PERCENTAGE LIMITATIONS.—

''(A) SINGLE OBLIGOR.—In no event may the total amount of investment securities of any single obligor or maker held by a Federal credit union for the credit union's own account exceed at any time an amount equal to 10 percent of the net worth of the credit union.

''(B) AGGREGATE INVESTMENTS.—In no event may the aggregate amount of investment securities held by a Federal credit union for the credit union's own account exceed at any time an amount equal to 10 percent of the assets of the credit union.

''(3) INVESTMENT SECURITY DEFINED.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'investment security' means marketable obligations evidencing the indebtedness of any person in the form of bonds, notes, or debentures and other instruments commonly referred to as investment securities.

''(B) FURTHER DEFINITION BY BOARD.—The Board may further define the term 'investment security'.

''(4) INVESTMENT GRADE DEFINED.—The term 'investment grade' means with respect to an investment security purchased by a credit union for its own account, an investment security that at the time of such purchase is rated in one of the 4 highest rating categories by at least 1 nationally recognized statistical rating organization.

''(5) CLARIFICATION OF PROHIBITION ON STOCK OWNERSHIP.—No provision of this subsection shall be construed as authorizing a Federal credit union to purchase shares of stock of any corporation for the credit union's own account, except as otherwise permitted by law.''.

SEC. 304. INCREASE IN GENERAL 12-YEAR LIMITATION OF TERM OF FEDERAL CREDIT UNION LOANS TO 15 YEARS.

Section 107(a)(5) of the Federal Credit Union Act (12 U.S.C. 1757(5)) (as so designated by section 303 of this title) is amended—

(1) in the matter preceding subparagraph (A), by striking ''to make loans, the maturities of which shall not exceed twelve years except as otherwise provided herein'' and inserting ''to make loans, the maturities of which shall not exceed 15 years or any longer maturity as the Board may allow, in regulations, except as otherwise provided in this Act'';

(2) in subparagraph (A)—

(A) by striking clause (ii);

(B) by redesignating clauses (iii) through (x) as clauses (ii) through (ix), respectively; and

(C) by inserting ''and'' after the semicolon at the end of clause (viii) (as so redesignated).

SEC. 305. INCREASE IN 1 PERCENT INVESTMENT LIMIT IN CREDIT UNION SERVICE ORGANIZATIONS.

Section 107(a)(7)(I) of the Federal Credit Union Act (12 U.S.C. 1757(7)(I)) (as so designated by section 303 of this title) is amended by striking ''up to 1 per centum of the total paid'' and inserting ''up to 3 percent of the total paid''.

SEC. 306. MEMBER BUSINESS LOAN EXCLUSION FOR LOANS TO NONPROFIT RELIGIOUS ORGANIZATIONS.

Section 107A(a) of the Federal Credit Union Act (12 U.S.C. 1757a(a)) is amended by inserting '', excluding loans made to nonprofit religious organizations,'' after ''total amount of such loans''.

SEC. 307. CHECK CASHING AND MONEY TRANSFER SERVICES OFFERED WITHIN THE FIELD OF MEMBERSHIP.

Paragraph (12) of section 107(a) of the Federal Credit Union Act (12 U.S.C. 1757(12)) (as so designated by section 303 of this title) is amended to read as follows:

''(12) in accordance with regulations prescribed by the Board—

''(A) to sell, to persons in the field of membership, negotiable checks (including travelers checks), money orders, and other similar money transfer instruments (including electronic fund transfers); and

''(B) to cash checks and money orders and receive electronic fund transfers for persons in the field of membership for a fee;''.

SEC. 308. VOLUNTARY MERGERS INVOLVING MULTIPLE COMMON-BOND CREDIT UNIONS.

Section 109(d)(2) of the Federal Credit Union Act (12 U.S.C. 1759(d)(2)) is amended—

(1) by striking ''or'' at the end of clause (ii) of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(D) a merger involving any such Federal credit union approved by the Board on or after August 7, 1998.''.

SEC. 309. CONVERSIONS INVOLVING COMMON-BOND CREDIT UNIONS.

Section 109(g) of the Federal Credit Union Act (12 U.S.C. 1759(g)) is amended by inserting after paragraph (2) the following new paragraph:

''(3) CRITERIA FOR CONTINUED MEMBERSHIP OF CERTAIN MEMBER GROUPS IN COMMUNITY CHARTER CONVERSIONS.—In the case of a voluntary conversion of a common-bond credit union described in paragraph (1) or (2) of subsection (b) into a community credit union described in subsection (b)(3), the Board shall prescribe, by regulation, the criteria under which the Board may determine that a member group or other portion of a credit union's existing membership, that is located outside the well-defined local community, neighborhood, or rural district that shall constitute the community charter, can be satisfactorily served by the credit union and remain within the community credit union's field of membership.''.

SEC. 310. CREDIT UNION GOVERNANCE.

(a) EXPULSION OF MEMBERS FOR JUST CAUSE.—Subsection (b) of section 118 of the Federal Credit Union Act (12 U.S.C. 1764(b)) is amended to read as follows:

''(b) POLICY AND ACTIONS OF BOARDS OF DIRECTORS OF FEDERAL CREDIT UNIONS.—

''(1) EXPULSION OF MEMBERS FOR NONPARTICIPATION OR FOR JUST CAUSE.—The board of directors of a Federal credit union may, by majority vote of a quorum of directors, adopt and enforce a policy with respect to expulsion from membership, by a majority vote of such board of directors, based on just cause, including disruption of credit union operations, or on nonparticipation by a member in the affairs of the credit union.

''(2) WRITTEN NOTICE OF POLICY TO MEMBERS.—If a policy described in paragraph (1) is adopted, written notice of the policy as adopted and the effective date of such policy shall be provided to—

''(A) each existing member of the credit union not less than 30 days prior to the effective date of such policy; and

''(B) each new member prior to or upon applying for membership.''.

(b) TERM LIMITS AUTHORIZED FOR BOARD MEMBERS OF FEDERAL CREDIT UNIONS.—Section 111(a) of the Federal Credit Union Act (12 U.S.C. 1761(a)) is amended by adding at the end the following new sentence: ''The bylaws of a Federal credit union may limit the number of consecutive terms any person may serve on the board of directors of such credit union.''.

(c) REIMBURSEMENT FOR LOST WAGES DUE TO SERVICE ON CREDIT UNION BOARD NOT TREATED AS COMPENSATION.—Section 111(c) of the Federal Credit Union Act (12 U.S.C. 1761(c)) is amended by inserting '', including lost wages,'' after ''the reimbursement of reasonable expenses''.

SEC. 311. PROVIDING THE NATIONAL CREDIT UNION ADMINISTRATION WITH GREATER FLEXIBILITY IN RESPONDING TO MARKET CONDITIONS.

Section 107(a)(5)(A)(vi)(I) of the Federal Credit Union Act (12 U.S.C. 1757(5)(A)(vi)(I)) (as so designated by section 303 of this title) is amended by striking ''six-month period and that prevailing interest rate levels'' and inserting ''6-month period or that prevailing interest rate levels''.

SEC. 312. EXEMPTION FROM PRE-MERGER NOTIFICATION REQUIREMENT OF THE CLAYTON ACT.

Section 7A(c)(7) of the Clayton Act (15 U.S.C. 18a(c)(7)) is amended by inserting ''section 205(b)(3) of the Federal Credit Union Act (12 U.S.C. 1785(b)(3)),'' before ''or section 3''.

SEC. 313. TREATMENT OF CREDIT UNIONS AS DEPOSITORY INSTITUTIONS UNDER SECURITIES LAWS.

(a) DEFINITION OF BANK UNDER THE SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) (as amended by section 201(a)(1) of this Act) is amended—

(1) by striking ''this title, and (D) a receiver'' and inserting ''this title, (D) an insured credit union (as defined in section 101(7) of the Federal Credit Union Act) but only for purposes of paragraphs (4) and (5) of this subsection and only for activities otherwise authorized by applicable laws to which such credit unions are subject, and (E) a receiver''; and

(2) in subparagraph (E) (as so redesignated by paragraph (1) of this subsection) by striking ''(A), (B), or (C)'' and inserting ''(A), (B), (C), or (D)''.

(b) DEFINITION OF BANK UNDER THE INVESTMENT ADVISERS ACT OF 1940.—Section 202(a)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(2)) (as amended by section 201(b)(1) of this Act) is amended—

(1) by striking ''this title, and (D) a receiver'' and inserting ''this title, (D) an insured credit union (as defined in section 101(7) of the Federal Credit Union Act) but only for activities otherwise authorized by applicable laws to which such credit unions are subject, and (E) a receiver''; and

(2) in subparagraph (E) (as so redesignated by paragraph (1) of this subsection) by striking ''(A), (B), or (C)'' and inserting ''(A), (B), (C), or (D)''.

(c) DEFINITION OF APPROPRIATE FEDERAL BANKING AGENCY.—Section 210A(c) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–10a(c)) is amended by inserting ''and includes the National Credit Union Administration Board, in the case of an insured credit union (as defined in section 101(7) of the Federal Credit Union Act)'' before the period at the end.

TITLE IV—DEPOSITORY INSTITUTION PROVISIONS

SEC. 401. EASING RESTRICTIONS ON INTERSTATE BRANCHING AND MERGERS.

(a) DE NOVO INTERSTATE BRANCHES OF NATIONAL BANKS.—

(1) IN GENERAL.—Section 5155(g)(1) of the Revised Statutes of the United States (12 U.S.C. 36(g)(1)) is amended by striking ''maintain a branch if—'' and all that follows through the end of subparagraph (B) and inserting ''maintain a branch.''.

(2) CLERICAL AMENDMENT.—The heading for subsection (g) of section 5155 of the Revised Statutes of the United States is amended by striking ''STATE 'OPT-IN' ELECTION TO PERMIT''.

(b) DE NOVO INTERSTATE BRANCHES OF STATE NONMEMBER BANKS.—

(1) IN GENERAL.—Section 18(d)(4)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1828(d)(4)(A)) is amended by striking ''maintain a branch if—'' and all that follows through the end of clause (ii) and inserting ''maintain a branch.''.

(2) CLERICAL AMENDMENT.—The heading for paragraph (4) of section 18(d) of the Federal Deposit Insurance Act is amended by striking ''STATE 'OPT-IN' ELECTION TO PERMIT INTERSTATE'' and inserting ''INTERSTATE''.

(c) DE NOVO INTERSTATE BRANCHES OF STATE MEMBER BANKS.—The 3rd undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 321) is amended by adding at the end the following new sentences: ''A State member bank may establish and operate a de novo branch in a host State (as such terms are defined in section 18(d) of the Federal Deposit Insurance Act) on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of a de novo branch of a national bank in a host State under section 5155(g) of the Revised Statutes of the United States. Such section 5155(g) shall be applied for purposes of the preceding sentence by substituting 'Board of Governors of the Federal Reserve System' for 'Comptroller of the Currency' and 'State member bank' for 'national bank'.''.

(d) INTERSTATE MERGER OF BANKS.—

(1) MERGER OF INSURED BANK WITH ANOTHER DEPOSITORY INSTITUTION OR TRUST COMPANY.—Section 44(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1831u(a)(1)) is amended—

(A) by striking ''Beginning on June 1, 1997, the'' and inserting ''The''; and

(B) by striking ''insured banks with different home States'' and inserting ''an insured bank and another insured depository institution or trust company with a different home State than the resulting insured bank''.

(2) NATIONAL BANK TRUST COMPANY MERGER WITH OTHER TRUST COMPANY.—Subsection (b) of section 4 of the National Bank Consolidation and Merger Act (12 U.S.C. 215a–1(b)) is amended to read as follows:

''(b) MERGER OF NATIONAL BANK TRUST COMPANY WITH ANOTHER TRUST COMPANY.—A national bank that is a trust company may engage in a consolidation or merger under this Act with any trust company with a different home State, under the same terms and conditions that would apply if the trust companies were located within the same State.''.

(e) INTERSTATE FIDUCIARY ACTIVITY.—Section 18(d) of the Federal Deposit Insurance Act (12 U.S.C. 1828(d)) is amended by adding at the end the following new paragraph:

''(5) INTERSTATE FIDUCIARY ACTIVITY.—

''(A) AUTHORITY OF STATE BANK SUPERVISOR.—The State bank supervisor of a State bank may approve an application by the State bank, when not in contravention of home State or host State law, to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in a host State in which State banks or other corporations which come into competition with national banks are permitted to act under the laws of such host State.

''(B) NONCONTRAVENTION OF HOST STATE LAW.—Whenever the laws of a host State authorize or permit the exercise of any or all of the foregoing powers by State banks or other corporations which compete with national banks, the granting to and the exercise of such powers by a State bank as provided in this paragraph shall not be deemed to be in contravention of host State law within the meaning of this paragraph.

''(C) STATE BANK INCLUDES TRUST COMPANIES.—For purposes of this paragraph, the term 'State bank' includes any State-chartered trust company (as defined in section 44(g)).

''(D) OTHER DEFINITIONS.—For purposes of this paragraph, the term 'home State' and 'host State' have the meanings given such terms in section 44.''.

(f) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 44 of the Federal Deposit Insurance Act (12 U.S.C. 1831u) is amended—

(A) in subsection (a)—

(i) by striking paragraph (4) and inserting the following new paragraph:

''(4) TREATMENT OF BRANCHES IN CONNECTION WITH CERTAIN INTERSTATE MERGER TRANSACTIONS.—In the case of an interstate merger transaction which involves the acquisition of a branch of an insured depository institution or trust company without the acquisition of the insured depository institution or trust company, the branch shall be treated, for purposes of this section, as an insured depository institution or trust company the home State of which is the State in which the branch is located.''; and

(ii) by striking paragraphs (5) and (6);

(B) in subsection (b)—

(i) by striking ''bank'' each place such term appears in paragraph (2)(B)(i) and inserting ''insured depository institution'';

(ii) by striking ''banks'' where such term appears in paragraph (2)(E) and inserting ''insured depository institutions or trust companies'';

(iii) by striking ''bank affiliate'' each place such term appears in that portion of paragraph (3) that precedes subparagraph (A) and inserting ''insured depository institution affiliate'';

(iv) by striking ''any bank'' where such term appears in paragraph (3)(B) and inserting ''any insured depository institution'';

(v) by striking ''bank'' where such term appears in paragraph (4)(A) and inserting ''insured depository institution and trust company''; and

(vi) by striking ''all banks'' where such term appears in paragraph (5) and inserting ''all insured depository institutions and trust companies'';

(C) in subsection (d)(1), by striking ''any bank'' and inserting ''any insured depository institution or trust company'';

(D) in subsection (e)—

(i) by striking ''1 or more banks'' and inserting ''1 or more insured depository institutions''; and

(ii) by striking ''paragraph (2), (4), or (5)'' and inserting ''paragraph (2)'';

(E) by striking clauses (i) and (ii) of subsection (g)(4)(A) and inserting the following new clauses:

''(i) with respect to a national bank or Federal savings association, the State in which the main office of the bank or savings association is located; and

''(ii) with respect to a State bank, State savings association, or State-chartered trust company, the State by which the bank, savings association, or trust company is chartered; and'';

(F) by striking paragraph (5) of subsection (g) and inserting the following new paragraph:

''(5) HOST STATE.—The term 'host State' means—

''(A) with respect to a bank, a State, other than the home State of the bank, in which the bank maintains, or seeks to establish and maintain, a branch; and

''(B) with respect to a trust company and solely for purposes of section 18(d)(5), a State, other than the home State of the trust company, in which the trust company acts, or seeks to act, in 1 or more fiduciary capacities.'';

(G) in subsection (g)(10), by striking ''section 18(c)(2)'' and inserting ''paragraph (1) or (2) of section 18(c), as appropriate,''; and

(H) in subsection (g), by adding at the end the following new paragraph:

''(12) TRUST COMPANY.—The term 'trust company' means—

''(A) any national bank;

''(B) any savings association; and

''(C) any bank, banking association, trust company, savings bank, or other banking institution which is incorporated under the laws of any State,

that is authorized to act in 1 or more fiduciary capacities but is not engaged in the business of receiving deposits other than trust funds (as defined in section 3(p)).''.

(2) Section 3(d) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(d)) is amended—

(A) in paragraph (1)—

(i) by striking subparagraphs (B) and (C); and

(ii) by redesignating subparagraph (D) as subparagraph (B); and

(B) in paragraph (5), by striking ''subparagraph (B) or (D)'' and inserting ''subparagraph (B)''.

(3) Subsection (c) of section 4 of the National Bank Consolidation and Merger Act (12 U.S.C. 215a–1(c)) is amended to read as follows:

''(c) DEFINITIONS.—For purposes of this section, the terms 'home State', 'out-of-State bank', and 'trust company' each have the same meaning as in section 44(g) of the Federal Deposit Insurance Act.''.

(g) CLERICAL AMENDMENTS.—

(1) The heading for section 44(b)(2)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1831u(b)(2)(E)) is amended by striking ''BANKS'' and inserting ''INSURED DEPOSITORY INSTITUTIONS AND TRUST COMPANIES''.

(2) The heading for section 44(e) of the Federal Deposit Insurance Act (12 U.S.C. 1831u(e)) is amended by striking ''BANKS'' and inserting ''INSURED DEPOSITORY INSTITUTIONS''.

SEC. 402. STATUTE OF LIMITATIONS FOR JUDICIAL REVIEW OF APPOINTMENT OF A RECEIVER FOR DEPOSITORY INSTITUTIONS.

(a) NATIONAL BANKS.—Section 2 of the National Bank Receivership Act (12 U.S.C. 191) is amended—

(1) by striking ''SECTION 2. The Comptroller of the Currency'' and inserting the following:

''SEC. 2. APPOINTMENT OF RECEIVER FOR A NATIONAL BANK.

''(a) IN GENERAL.—The Comptroller of the Currency''; and

(2) by adding at the end the following new subsection:

''(b) JUDICIAL REVIEW.—If the Comptroller of the Currency appoints a receiver under subsection (a), the national bank may, within 30 days thereafter, bring an action in the United States district court for the judicial district in which the home office of such bank is located, or in the United States District Court for the District of Columbia, for an order requiring the Comptroller of the Currency to remove the receiver, and the court shall, upon the merits, dismiss such action or direct the Comptroller of the Currency to remove the receiver.''.

(b) INSURED DEPOSITORY INSTITUTIONS.—Section 11(c)(7) of the Federal Deposit Insurance Act (12 U.S.C. 1821(c)(7)) is amended to read as follows:

''(7) JUDICIAL REVIEW.—If the Corporation is appointed (including the appointment of the Corporation as receiver by the Board of Directors) as conservator or receiver of a depository institution under paragraph (4), (9), or (10), the depository institution may, within 30 days thereafter, bring an action in the United States district court for the judicial district in which the home office of such depository institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Corporation to be removed as the conservator or receiver (regardless of how such appointment was made), and the court shall, upon the merits, dismiss such action or direct the Corporation to be removed as the conservator or receiver.''.

(c) EXPANSION OF PERIOD FOR CHALLENGING THE APPOINTMENT OF A LIQUIDATING AGENT.—Subparagraph (B) of section 207(a)(1) of the Federal Credit Union Act (12 U.S.C. 1787(a)(1)) is amended by striking ''10 days'' and inserting ''30 days''.

(d) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to conservators, receivers, or liquidating agents appointed on or after the date of the enactment of this Act.

SEC. 403. REPORTING REQUIREMENTS RELATING TO INSIDER LENDING.

(a) REPORTING REQUIREMENTS REGARDING LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS.—Section 22(g) of the Federal Reserve Act (12 U.S.C. 375a) is amended—

(1) by striking paragraphs (6) and (9); and

(2) by redesignating paragraphs (7), (8), and (10) as paragraphs (6), (7), and (8), respectively.

(b) REPORTING REQUIREMENTS REGARDING LOANS FROM CORRESPONDENT BANKS TO EXECUTIVE OFFICERS AND SHAREHOLDERS OF INSURED BANKS.—Section 106(b)(2) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1972(2)) is amended—

(1) by striking subparagraph (G); and

(2) by redesignating subparagraphs (H) and (I) as subparagraphs (G) and (H), respectively.

SEC. 404. AMENDMENT TO PROVIDE AN INFLATION ADJUSTMENT FOR THE SMALL DEPOSITORY INSTITUTION EXCEPTION UNDER THE DEPOSITORY INSTITUTION MANAGEMENT INTERLOCKS ACT.

Section 203(1) of the Depository Institution Management Interlocks Act (12 U.S.C. 3202(1)) is amended by striking ''$20,000,000'' and inserting ''$100,000,000''.

SEC. 405. ENHANCING THE SAFETY AND SOUNDNESS OF INSURED DEPOSITORY INSTITUTIONS.

(a) CLARIFICATION RELATING TO THE ENFORCEABILITY OF AGREEMENTS AND CONDITIONS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

''SEC. 49. ENFORCEMENT OF AGREEMENTS.

''(a) IN GENERAL.—Notwithstanding clause (i) or (ii) of section 8(b)(6)(A) or section 38(e)(2)(E), an appropriate Federal banking agency may enforce, under section 8, the terms of—

''(1) any condition imposed in writing by the agency on a depository institution or an institution-affiliated party (including a bank holding company) in connection with any action on any application, notice, or other request concerning a depository institution; or

''(2) any written agreement entered into between the agency and an institution-affiliated party (including a bank holding company).

''(b) RECEIVERSHIPS AND CONSERVATORSHIPS.—After the appointment of the Corporation as the receiver or conservator for any insured depository institution, the Corporation may enforce any condition or agreement described in paragraph (1) or (2) of subsection (a) involving such institution or any institution-affiliated party (including a bank holding company), through an action brought in an appropriate United States district court.''.

(b) PROTECTION OF CAPITAL OF INSURED DEPOSITORY INSTITUTIONS.—Paragraph (1) of section 18(u) of the Federal Deposit Insurance Act (12 U.S.C. 1828(u)) is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

SEC. 406. INVESTMENTS BY INSURED SAVINGS ASSOCIATIONS IN BANK SERVICE COMPANIES AUTHORIZED.

(a) IN GENERAL.—Sections 2 and 3 of the Bank Service Company Act (12 U.S.C. 1862, 1863) are each amended by striking ''insured bank'' each place such term appears and inserting ''insured depository institution''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 1(b)(4) of the Bank Service Company Act (12 U.S.C. 1861(b)(4)) is amended—

(A) by inserting '', except when such term appears in connection with the term 'insured depository institution','' after ''means''; and

(B) by striking ''Federal Home Loan Bank Board'' and inserting ''Director of the Office of Thrift Supervision''.

(2) Section 1(b) of the Bank Service Company Act (12 U.S.C. 1861(b)) is amended—

(A) by striking paragraph (5) and inserting the following new paragraph:

''(5) INSURED DEPOSITORY INSTITUTION.—The term 'insured depository institution' has the meaning given the term in section 3(c) of the Federal Deposit Insurance Act;'';

(B) by striking ''and'' at the end of paragraph (7);

(C) by striking the period at the end of paragraph (8) and inserting ''; and''; and

(D) by adding at the end the following new paragraph:

''(9) the terms 'State depository institution', 'Federal depository institution', 'State savings association' and 'Federal savings association' have the meanings given the terms in section 3 of the Federal Deposit Insurance Act.''.

(3) The 1st sentence of section 5(c)(4)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)(B)) is amended by striking ''by savings associations of such State and by Federal associations'' and inserting ''by State and Federal depository institutions''.

(4) Subparagraph (A)(ii) and subparagraph (B)(ii) of section 1(b)(2) of the Bank Service Company Act (12 U.S.C. 1861(b)(2)) are each amended by striking ''insured banks'' and inserting ''insured depository institutions''.

(5) Section 1(b)(8) of the Bank Service Company Act (12 U.S.C. 1861(b)(8)) is further amended—

(A) by striking ''insured bank'' and inserting ''insured depository institution''

(B) by striking ''insured banks'' each place such term appears and inserting ''insured depository institutions''; and

(C) by striking ''the bank's'' and inserting ''the depository institution's''.

(6) Section 2 of the Bank Service Company Act (12 U.S.C. 1862) is amended by inserting ''or savings associations, other than the limitation on the amount of investment by a Federal savings association contained in section 5(c)(4)(B) of the Home Owners' Loan Act'' after ''relating to banks''.

(7) Section 4(c) of the Bank Service Company Act (12 U.S.C. 1864(c)) is amended by inserting ''or State savings association'' after ''State bank'' each place such term appears.

(8) Section 4(d) of the Bank Service Company Act (12 U.S.C. 1864(d)) is amended by inserting ''or Federal savings association'' after ''national bank'' each place such term appears.

(9) Section 4(e) of the Bank Service Company Act (12 U.S.C. 1864(e)) is amended to read as follows:

''(e) A bank service company may perform—

''(1) only those services that each depository institution shareholder or member is otherwise authorized to perform under any applicable Federal or State law; and

''(2) such services only at locations in a State in which each such shareholder or member is authorized to perform such services.''.

(10) Section 4(f) of the Bank Service Company Act (12 U.S.C. 1864(f)) is amended by inserting ''or savings associations'' after ''location of banks''.

(11) Section 5 of the Bank Service Company Act (12 U.S.C. 1865) is amended—

(A) in subsection (a)—

(i) by striking ''insured bank'' and inserting ''insured depository institution''; and

(ii) by striking ''bank's'' and inserting ''institution's''.

(B) in subsection (b), by striking ''insured bank'' and inserting ''insured depository institution''; and

(C) in subsection (c)—

(i) by striking ''the bank or banks'' and inserting ''any depository institution''; and

(ii) by striking ''capability of the bank'' and inserting ''capability of the depository institution''.

(12) Section 7 of the Bank Service Company Act (12 U.S.C. 1867) is amended—

(A) in subsection (b), by striking ''insured bank'' and inserting ''insured depository institution''; and

(B) in subsection (c)—

(i) by striking ''a bank'' each place such term appears and inserting ''a depository institution''; and

(ii) by striking ''the bank'' each place such term appears and inserting ''the depository institution''.

SEC. 407. CROSS GUARANTEE AUTHORITY.

Subparagraph (A) of section 5(e)(9) of the Federal Deposit Insurance Act (12 U.S.C. 1815(e)(9)(A)) is amended to read as follows:

''(A) such institutions are controlled by the same company; or''.

SEC. 408. GOLDEN PARACHUTE AUTHORITY AND NONBANK HOLDING COMPANIES.

Subsection (k) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(k)) is amended—

(1) in paragraph (2)(A), by striking ''or depository institution holding company'' and inserting ''or covered company'';

(2) by striking subparagraph (B) of paragraph (2) and inserting the following new subparagraph:

''(B) Whether there is a reasonable basis to believe that the institution-affiliated party is substantially responsible for—

''(i) the insolvency of the depository institution or covered company;

''(ii) the appointment of a conservator or receiver for the depository institution; or

''(iii) the depository institution's troubled condition (as defined in the regulations prescribed pursuant to section 32(f)).'';

(3) in paragraph (2)(F), by striking ''depository institution holding company'' and inserting ''covered company,'';

(4) in paragraph (3) in the matter preceding subparagraph (A), by striking ''depository institution holding company'' and inserting ''covered company'';

(5) in paragraph (3)(A), by striking ''holding company'' and inserting ''covered company'';

(6) in paragraph (4)(A)—

(A) by striking ''depository institution holding company'' each place such term appears and inserting ''covered company''; and

(B) by striking ''holding company'' each place such term appears (other than in connection with the term referred to in subparagraph (A)) and inserting ''covered company'';

(7) in paragraph (5)(A), by striking ''depository institution holding company'' and inserting ''covered company'';

(8) in paragraph (5), by adding at the end the following new subparagraph:

''(D) COVERED COMPANY.—The term 'covered company' means any depository institution holding company (including any company required to file a report under section 4(f)(6) of the Bank Holding Company Act of 1956), or any other company that controls an insured depository institution.''; and

(9) in paragraph (6)—

(A) by striking ''depository institution holding company'' and inserting ''covered company,''; and

(B) by striking ''or holding company'' and inserting ''or covered company''.

SEC. 409. AMENDMENTS RELATING TO CHANGE IN BANK CONTROL.

Section 7(j) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j)) is amended—

(1) in paragraph (1)(D)—

(A) by striking ''is needed to investigate'' and inserting ''is needed—

''(i) to investigate'';

(B) by striking ''United States Code.'' and inserting ''United States Code; or''; and

(C) by adding at the end the following new clause:

''(ii) to analyze the safety and soundness of any plans or proposals described in paragraph (6)(E) or the future prospects of the institution.''; and

(2) in paragraph (7)(C), by striking ''the financial condition of any acquiring person'' and inserting ''either the financial condition of any acquiring person or the future prospects of the institution''.

TITLE V—DEPOSITORY INSTITUTION AFFILIATES PROVISIONS

SEC. 501. CLARIFICATION OF CROSS MARKETING PROVISION.

Section 4(n)(5) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(n)(5)) is amended—

(1) in subparagraph (B), by striking ''subsection (k)(4)(I)'' and inserting ''subparagraph (H) or (I) of subsection (k)(4)''; and

(2) by adding at the end the following new subparagraph:

''(C) THRESHOLD OF CONTROL.—Subparagraph (A) shall not apply with respect to a company described or referred to in clause (i) or (ii) of such subparagraph if the financial holding company does not own or control 25 percent or more of the total equity or any class of voting securities of such company.''.

SEC. 502. AMENDMENT TO PROVIDE THE FEDERAL RESERVE BOARD WITH DISCRETION CONCERNING THE IMPUTATION OF CONTROL OF SHARES OF A COMPANY BY TRUSTEES.

Section 2(g)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(g)(2)) is amended by inserting '', unless the Board determines that such treatment is not appropriate in light of the facts and circumstances of the case and the purposes of this Act'' before the period at the end.

SEC. 503. ELIMINATING GEOGRAPHIC LIMITS ON THRIFT SERVICE COMPANIES.

(a) IN GENERAL.—The 1st sentence of section 5(c)(4)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)(B)) (as amended by section 406(b)(3) of this Act) is amended—

(1) by striking ''corporation organized'' and all that follows through ''is available for purchase'' and inserting ''company, if the entire capital of the company is available for purchase''; and

(2) by striking ''having their home offices in such State''.

(b) TECHNICAL CORRECTIONS.—

(1) The heading for subparagraph (B) of section 5(c)(4) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)(B)) is amended by striking ''CORPORATIONS'' and inserting ''COMPANIES''.

(2) The 2nd sentence of section 5(n)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(n)(1)) is amended by striking ''service corporations'' and inserting ''service companies''.

(3) Section 5(q)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(q)(1)) is amended by striking ''service corporation'' each place such term appears in subparagraphs (A), (B), and (C) and inserting ''service company''.

(4) Section 10(m)(4)(C)(iii)(II) of the Home Owners' Loan Act (12 U.S.C. 1467a(m)(4)(C)(iii)(II)) is amended by striking ''service corporation'' each place such term appears and inserting ''service company''.

SEC. 504. CLARIFICATION OF SCOPE OF APPLICABLE RATE PROVISION.

Section 44(f) of the Federal Deposit Insurance Act (12 U.S.C. 1831u(f)) is amended by adding at the end the following new paragraphs:

''(3) OTHER LENDERS.—In the case of any other lender doing business in the State described in paragraph (1), the maximum interest rate or amount of interest, discount points, finance charges, or other similar charges that may be charged, taken, received, or reserved from time to time in any loan, discount, or credit sale made, or upon any note, bill of exchange, financing transaction, or other evidence of debt issued to or acquired by any other lender shall be equal to not more than the greater of the rates described in subparagraph (A) or (B) of paragraph (1).

''(4) OTHER LENDER DEFINED.—For purposes of paragraph (3), the term 'other lender' means any person engaged in the business of selling or financing the sale of personal property (and any services incidental to the sale of personal property) in such State, except that, with regard to any person or entity described in such paragraph, such term does not include—

''(A) an insured depository institution; or

''(B) any person or entity engaged in the business of providing a short-term cash advance to any consumer in exchange for—

''(i) a consumer's personal check or share draft, in the amount of the advance plus a fee, where presentment or negotiation of such check or share draft is deferred by agreement of the parties until a designated future date; or

''(ii) a consumer authorization to debit the consumer's transaction account, in the amount of the advance plus a fee, where such account will be debited on or after a designated future date.''.

TITLE VI—BANKING AGENCY PROVISIONS

SEC. 601. WAIVER OF EXAMINATION SCHEDULE IN ORDER TO ALLOCATE EXAMINER RESOURCES.

Section 10(d) of the Federal Deposit Insurance Act (12 U.S.C. 1820(d)) is amended—

(1) by redesignating paragraphs (5), (6), (7), (8), (9), and (10) as paragraphs (6), (7), (8), (9), (10), and (11), respectively;

(2) by inserting after paragraph (4), the following new paragraph:

''(5) WAIVER OF SCHEDULE WHEN NECESSARY TO ACHIEVE SAFE AND SOUND ALLOCATION OF EXAMINER RESOURCES.—Notwithstanding paragraphs (1), (2), (3), and (4), an appropriate Federal banking agency may make adjustments in the examination cycle for an insured depository institution if necessary to allocate available resources of examiners in a manner that provides for the safety and soundness of, and the effective examination and supervision of, insured depository institutions.''; and

(3) in paragraphs (8) and (9), as so redesignated, by striking ''paragraph (6)'' and inserting ''paragraph (7)''.

SEC. 602. INTERAGENCY DATA SHARING.

(a) FEDERAL BANKING AGENCIES.—Section 7(a)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2)) is amended by adding at the end the following new subparagraph:

''(C) DATA SHARING WITH OTHER AGENCIES AND PERSONS.—In addition to reports of examination, reports of condition, and other reports required to be regularly provided to the Corporation (with respect to all insured depository institutions, including a depository institution for which the Corporation has been appointed conservator or receiver) or an appropriate State bank supervisor (with respect to a State depository institution) under subparagraph (A) or (B), a Federal banking agency may, in the agency's discretion, furnish any report of examination or other confidential supervisory information concerning any depository institution or other entity examined by such agency under authority of any Federal law, to—

''(i) any other Federal or State agency or authority with supervisory or regulatory authority over the depository institution or other entity;

''(ii) any officer, director, or receiver of such depository institution or entity; and

''(iii) any other person the Federal banking agency determines to be appropriate.''.

(b) NATIONAL CREDIT UNION ADMINISTRATION.—Section 202(a) of the Federal Credit Union Act (12 U.S.C. 1782(a)) is amended by adding at the end the following new paragraph:

''(8) DATA SHARING WITH OTHER AGENCIES AND PERSONS.—In addition to reports of examination, reports of condition, and other reports required to be regularly provided to the Board (with respect to all insured credit unions, including a credit union for which the Corporation has been appointed conservator or liquidating agent) or an appropriate State commission, board, or authority having supervision of a State-chartered credit union, the Board may, in the Board's discretion, furnish any report of examination or other confidential supervisory information concerning any credit union or other entity examined by the Board under authority of any Federal law, to—

''(A) any other Federal or State agency or authority with supervisory or regulatory authority over the credit union or other entity;

''(B) any officer, director, or receiver of such credit union or entity; and

''(C) any other institution-affiliated party of such credit union or entity the Board determines to be appropriate.''.

SEC. 603. PENALTY FOR UNAUTHORIZED PARTICIPATION BY CONVICTED INDIVIDUAL.

Section 19 of the Federal Deposit Insurance Act (12 U.S.C. 1829) is amended by adding at the end the following new subsection:

''(c) NONINSURED BANKS.—Subsections (a) and (b) shall apply to a noninsured national bank

and a noninsured State member bank, and any agency or noninsured branch (as such terms are defined in section 1(b) of the International Banking Act of 1978) of a foreign bank as if such bank, branch, or agency were an insured depository institution, except such subsections shall be applied for purposes of this subsection by substituting the agency determined under the following paragraphs for 'Corporation' each place such term appears in such subsections:

''(1) The Comptroller of the Currency, in the case of a noninsured national bank or any Federal agency or noninsured Federal branch of a foreign bank.

''(2) The Board of Governors of the Federal Reserve System, in the case of a noninsured State member bank or any State agency or noninsured State branch of a foreign bank.''.

SEC. 604. AMENDMENT PERMITTING THE DESTRUCTION OF OLD RECORDS OF A DEPOSITORY INSTITUTION BY THE FDIC AFTER THE APPOINTMENT OF THE FDIC AS RECEIVER.

Section 11(d)(15)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)(15)(D)) is amended—

(1) by striking ''RECORDKEEPING REQUIREMENT.—After the end of the 6-year period'' and inserting ''RECORDKEEPING REQUIREMENT.—

''(i) IN GENERAL.—Except as provided in clause (ii), after the end of the 6-year period''; and

(2) by adding at the end the following new clause:

''(ii) OLD RECORDS.—In the case of records of an insured depository institution which are at least 10 years old as of the date the Corporation is appointed as the receiver of such depository institution, the Corporation may destroy such records in accordance with clause (i) any time after such appointment is final without regard to the 6-year period of limitation contained in such clause.''.

SEC. 605. MODERNIZATION OF RECORDKEEPING REQUIREMENT.

Subsection (f) of section 10 of the Federal Deposit Insurance Act (12 U.S.C. 1820(f)) is amended to read as follows:

''(f) PRESERVATION OF AGENCY RECORDS.—

''(1) IN GENERAL.—A Federal banking agency may cause any and all records, papers, or documents kept by the agency or in the possession or custody of the agency to be—

''(A) photographed or microphotographed or otherwise reproduced upon film; or

''(B) preserved in any electronic medium or format which is capable of—

''(i) being read or scanned by computer; and

''(ii) being reproduced from such electronic medium or format by printing or any other form of reproduction of electronically stored data.

''(2) TREATMENT AS ORIGINAL RECORDS.—Any photographs, microphotographs, or photographic film or copies thereof described in paragraph (1)(A) or reproduction of electronically stored data described in paragraph (1)(B) shall be deemed to be an original record for all purposes, including introduction in evidence in all State and Federal courts or administrative agencies and shall be admissible to prove any act, transaction, occurrence, or event therein recorded.

''(3) AUTHORITY OF THE FEDERAL BANKING AGENCIES.—Any photographs, microphotographs, or photographic film or copies thereof described in paragraph (1)(A) or reproduction of electronically stored data described in paragraph (1)(B) shall be preserved in such manner as the Federal banking agency shall prescribe and the original records, papers, or documents may be destroyed or otherwise disposed of as the Federal banking agency may direct.''.

SEC. 606. CLARIFICATION OF EXTENT OF SUSPENSION, REMOVAL, AND PROHIBITION AUTHORITY OF FEDERAL BANKING AGENCIES IN CASES OF CERTAIN CRIMES BY INSTITUTION-AFFILIATED PARTIES.

(a) INSURED DEPOSITORY INSTITUTION.—

(1) IN GENERAL.—Section 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818(g)(1)) is amended—

(A) in subparagraph (A), by striking ''the depository'' each place such term appears and inserting ''any depository'';

(B) in subparagraph (B)(i), by inserting ''of which the subject of the order is an institution-affiliated party'' before the period at the end;

(C) in subparagraph (C), by striking ''the depository'' each place such term appears and inserting ''any depository'';

(D) in subparagraph (D)(i), by inserting ''of which the subject of the order is an institution-affiliated party'' after ''upon the depository institution''; and

(E) by adding at the end the following new subparagraph:

''(E) CONTINUATION OF AUTHORITY.—A Federal banking agency may issue an order under this paragraph with respect to an individual who is an institution-affiliated party at a depository institution at the time of an offense described in subparagraph (A) without regard to—

''(i) whether such individual is an institution-affiliated party at any depository institution at the time the order is considered or issued by the agency; or

''(ii) whether the depository institution at which the individual was an institution-affiliated party at the time of the offense remains in existence at the time the order is considered or issued by the agency.''.

(2) CLERICAL AMENDMENT.—Section 8(g) of the Federal Deposit Insurance Act (12 U.S.C. 1818(g)) is amended by striking ''(g)'' and inserting the following new subsection heading:

''(g) SUSPENSION, REMOVAL, AND PROHIBITION FROM PARTICIPATION ORDERS IN THE CASE OF CERTAIN CRIMINAL OFFENSES.—''.

(b) INSURED CREDIT UNIONS.—

(1) IN GENERAL.—Section 206(i)(1) of the Federal Credit Union Act (12 U.S.C. 1786(i)(1)) is amended—

(A) in subparagraph (A), by striking ''the credit union'' each place such term appears and inserting ''any credit union'';

(B) in subparagraph (B)(i), by inserting ''of which the subject of the order is, or most recently was, an institution-affiliated party'' before the period at the end;

(C) in subparagraph (C), by striking ''the credit union'' each place such term appears and inserting ''any credit union'';

(D) in subparagraph (D)(i), by striking ''upon such credit union'' and inserting ''upon the credit union of which the subject of the order is, or most recently was, an institution-affiliated party''; and

(E) by adding at the end the following new subparagraph:

''(E) CONTINUATION OF AUTHORITY.—The Board may issue an order under this paragraph with respect to an individual who is an institution-affiliated party at a credit union at the time of an offense described in subparagraph (A) without regard to—

''(i) whether such individual is an institution-affiliated party at any credit union at the time the order is considered or issued by the Board; or

''(ii) whether the credit union at which the individual was an institution-affiliated party at the time of the offense remains in existence at the time the order is considered or issued by the Board.''.

(2) CLERICAL AMENDMENT.—Section 206(i) of the Federal Credit Union Act (12 U.S.C. 1786(i)) is amended by striking ''(i)'' at the beginning and inserting the following new subsection heading:

''(i) SUSPENSION, REMOVAL, AND PROHIBITION FROM PARTICIPATION ORDERS IN THE CASE OF CERTAIN CRIMINAL OFFENSES.—''.

SEC. 607. STREAMLINING DEPOSITORY INSTITUTION MERGER APPLICATION REQUIREMENTS.

(a) IN GENERAL.—Paragraph (4) of section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) is amended to read as follows:

''(4) REPORTS ON COMPETITIVE FACTORS.—

''(A) REQUEST FOR REPORT.—In the interests of uniform standards, before acting on any application for approval of a merger transaction, the responsible agency, unless the agency finds that it must act immediately in order to prevent the probable failure of a depository institution involved, shall—

''(i) request a report on the competitive factors involved from the Attorney General; and

''(ii) provide a copy of the request to the Corporation (when the Corporation is not the responsible agency).

''(B) FURNISHING OF REPORT.—The report requested under subparagraph (A) shall be furnished by the Attorney General to the responsible agency—

''(i) not more than 30 calendar days after the date on which the Attorney General received the request; or

''(ii) not more than 10 calendar days after such date, if the requesting agency advises the Attorney General that an emergency exists requiring expeditious action.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The penultimate sentence of section 18(c)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is amended to read as follows: ''If the agency has advised the Attorney General under paragraph (4)(B) of the existence of an emergency requiring expeditious action and has requested a report on the competitive factors within 10 days, the transaction may not be consummated before the fifth calendar day after the date of approval by the agency.''.

SEC. 608. INCLUSION OF DIRECTOR OF THE OFFICE OF THRIFT SUPERVISION IN LIST OF BANKING AGENCIES REGARDING INSURANCE CUSTOMER PROTECTION REGULATIONS.

Section 47(g)(2)(B)(i) of the Federal Deposit Insurance Act (12 U.S.C. 1831x(g)(2)(B)(i)) is amended by inserting ''the Director of the Office of Thrift Supervision,'' after ''Comptroller of the Currency,''.

SEC. 609. SHORTENING OF POST-APPROVAL ANTITRUST REVIEW PERIOD WITH THE AGREEMENT OF THE ATTORNEY GENERAL.

(a) ANTITRUST REVIEWS UNDER THE BANK HOLDING COMPANY ACT OF 1956.—The 4th sentence of section 11(b) of the Bank Holding Company Act of 1956 (12 U.S.C. 1849(b) is amended by striking ''15 calendar days'' and inserting ''5 calendar days''.

(b) ANTITRUST REVIEWS UNDER THE FEDERAL DEPOSIT INSURANCE ACT.—The last sentence of section 18(c)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is amended by striking ''15 calendar days'' and inserting ''5 calendar days''.

SEC. 610. PROTECTION OF CONFIDENTIAL INFORMATION RECEIVED BY FEDERAL BANKING REGULATORS FROM FOREIGN BANKING SUPERVISORS.

Section 15 of the International Banking Act of 1978 (12 U.S.C. 3109) is amended by adding at the end the following new subsection:

''(c) CONFIDENTIAL INFORMATION RECEIVED FROM FOREIGN SUPERVISORS.—

''(1) IN GENERAL.—Except as provided in paragraph (3), a Federal banking agency may not be compelled to disclose information received from a foreign regulatory or supervisory authority if—

''(A) the foreign regulatory or supervisory authority has, in good faith, determined and represented to such Federal banking agency that public disclosure of the information would violate the laws applicable to that foreign regulatory or supervisory authority; and

''(B) the relevant Federal banking agency obtained such information pursuant to—

''(i) such procedures as the Federal banking agency may establish for use in connection with the administration and enforcement of Federal banking laws; or

''(ii) a memorandum of understanding or other similar arrangement between the Federal

banking agency and the foreign regulatory or supervisory authority.

''(2) TREATMENT UNDER TITLE 5, UNITED STATES CODE.—For purposes of section 552 of title 5, United States Code, this subsection shall be treated as a statute described in subsection (b)(3)(B) of such section.

''(3) SAVINGS PROVISION.—No provision of this section shall be construed as—

''(A) authorizing any Federal banking agency to withhold any information from any duly authorized committee of the House of Representatives or the Senate; or

''(B) preventing any Federal banking agency from complying with an order of a court of the United States in an action commenced by the United States or such agency.

''(4) FEDERAL BANKING AGENCY DEFINED.—For purposes of this subsection, the term 'Federal banking agency' means the Board, the Comptroller, the Federal Deposit Insurance Corporation, and the Director of the Office of Thrift Supervision.''.

SEC. 611. PROHIBITION ON PARTICIPATION BY CONVICTED INDIVIDUAL.

Section 19 of the Federal Deposit Insurance Act (12 U.S.C. 1829) is amended by inserting after subsection (c) (as added by section 603 of this title) the following new subsections:

''(d) BANK HOLDING COMPANIES.—Subsections (a) and (b) shall apply to any bank holding company, any subsidiary (other than a bank) of a bank holding company, and any organization organized and operated under section 25A of the Federal Reserve Act or operating under section 25 of the Federal Reserve Act as if such bank holding company, subsidiary, or organization were an insured depository institution, except such subsections shall be applied for purposes of this subsection by substituting 'Board of Governors of the Federal Reserve System' for 'Corporation' each place such term appears in such subsections.

''(e) SAVINGS AND LOAN HOLDING COMPANIES.—Subsections (a) and (b) shall apply to any savings and loan holding company and any subsidiary (other than a savings association) of a savings and loan holding company as if such savings and loan holding company or subsidiary were an insured depository institution, except such subsections shall be applied for purposes of this subsection by substituting 'Director of the Office of Thrift Supervision' for 'Corporation' each place such term appears in such subsections.''.

SEC. 612. CLARIFICATION THAT NOTICE AFTER SEPARATION FROM SERVICE MAY BE MADE BY AN ORDER.

(a) IN GENERAL.—Section 8(i)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(3)) is amended by inserting ''or order'' after ''notice'' each place such term appears.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The heading for section 8(i)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(3)) is amended by inserting ''OR ORDER'' after ''NOTICE''.

SEC. 613. EXAMINERS OF FINANCIAL INSTITUTIONS.

(a) OFFER OF CREDIT TO BANK EXAMINER.—Section 212 of title 18, United States Code, is amended to read as follows:

''§212. Offer of credit to bank examiner

''(a) Subject to section 213(b), whoever being an officer, director or employee of a financial institution extends credit to any examiner which the examiner is prohibited from accepting under section 213 shall be fined under this title or imprisoned not more than one year, or both; and may be fined a further sum equal to the amount of the credit extended.

''(b) For purposes of this section, the following definitions shall apply:

''(1) The term 'financial institution' does not include a credit union, a Federal reserve bank, a Federal home loan bank, or a depository institution holding company.

''(2) The term 'examiner' means any person—

''(A) appointed by a Federal financial institution regulatory agency or pursuant to the laws of any State to examine a financial institution; or

''(B) elected under the law of any State to conduct examinations of any financial institution.

''(3) The term 'Federal financial institution regulatory agency' means—

''(A) the Comptroller of the Currency;

''(B) the Board of Governors of the Federal Reserve System;

''(C) the Director of the Office of Thrift Supervision;

''(D) the Federal Deposit Insurance Corporation;

''(E) the Federal Housing Finance Board;

''(F) the Farm Credit Administration;

''(G) the Farm Credit System Insurance Corporation; and

''(H) the Small Business Administration.''.

(b) ACCEPTANCE OF CREDIT BY A BANK EXAMINER.—Section 213 of title 18, United States Code, is amended to read as follows:

''§213. Acceptance of credit by bank examiner

''(a) Whoever, being an examiner, accepts an extension of credit from any financial institution that the examiner examines or has authority to examine, or from any person connected with any such financial institution, shall be fined under this title or imprisoned not more than one year, or both; and may be fined a further sum equal to the amount of the credit extended, and shall be disqualified from holding office as such examiner.

''(b) Notwithstanding subsection (a) or section 212, a Federal financial institution regulatory agency may, by regulation or by order on a case-by-case basis, permit a financial institution to extend credit to an examiner, and permit an examiner to accept an extension of credit from a financial institution, if the agency determines that the extension of credit would not likely affect the integrity of any examination of a financial institution. Before prescribing regulations or issuing any order under this subsection, a Federal financial institution regulatory agency shall consult with each other Federal financial institution regulatory agency with regard to any such regulation or order. Any regulation prescribed by a Federal financial institution regulatory agency under this subsection, may exempt certain classes or categories of credit from the scope of this section or section 212, and shall provide procedures for examiners and financial institutions to request case-by-case exemption orders under this subsection, subject to subsection (c).

''(c) In considering any request by a financial institution or examiner for a case-by-case exemption order under subsection (b), a Federal financial institution regulatory agency shall consider such factors as the agency determines to be appropriate, including—

''(1) whether the terms and conditions of the credit being offered the examiner are generally comparable to those offered by the financial institution in connection with similar types of credit extended to other customers in similar circumstances;

''(2) the nature and extent of any other relationship the examiner has with the financial institution or any officer, director, or employee of the financial institution;

''(3) the proximity in time between any examination of the financial institution in which the examiner participated, or is scheduled to participate, and the extension, or the offer of an extension, of credit;

''(4) whether there are any other circumstances involving the transaction, or the proposed transaction, that may be perceived as providing the examiner with preferential treatment; and

''(5) any other fact or circumstance the agency may consider to be appropriate under the circumstances.

''(d) Notwithstanding subsection (a) or section 212, an examiner employed by a Federal financial institution regulatory agency may apply for and receive a credit card, or otherwise be approved as a cardholder, under any credit card account under an open end consumer credit plan, to the extent the terms and conditions applicable with respect to such account, and any credit extended under such account, are no more favorable generally to the examiner than the terms and conditions that are generally applicable to credit card accounts offered by the same financial institution to other cardholders under open end consumer credit plans.

''(e) For purposes of this section, the following definitions shall apply:

''(1) The terms 'examiner', 'Federal financial institution regulatory agency', and 'financial institution' have the same meaning as in section 212.

''(2) The term 'credit' means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

''(3) The term 'creditor' refers only to a person who both (A) regularly extends, whether in connection with loans, sales of property or services, or otherwise, consumer credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, and (B) is the person to whom the debt arising from the consumer credit transaction is initially payable on the face of the evidence of indebtedness or, if there is no such evidence of indebtedness, by agreement. Notwithstanding the preceding sentence, in the case of an open-end credit plan involving a credit card, the card issuer and any person who honors the credit card and offers a discount which is a finance charge are creditors.

''(4) The term 'consumer', when used with reference to an open end credit plan, means a credit plan under which the party to whom credit is offered or extended is a natural person, and the money, property, or services which are the subject of any transaction under the plan are primarily for personal, family, or household purposes.

''(5) The term 'open end credit plan' means a plan under which the creditor reasonably contemplates repeated transactions, which prescribes the terms of such transactions, and which provides for a finance charge which may be computed from time to time on the outstanding unpaid balance. A credit plan which is an open end credit plan within the meaning of the preceding sentence is an open end credit plan even if credit information is verified from time to time.

''(6) The term 'credit card' means any card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor, or services on credit.

''(7) The term 'cardholder' means any person to whom a credit card is issued or any person who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person.

''(8) The term 'card issuer' means any person who issues a credit card, or the agent of such person with respect to such card.''.

(c) CLERICAL AMENDMENTS.—The table of sections for chapter 11 of title 18, United States Code, is amended by striking the items relating to sections 212 and 213 and inserting the following new items:

''212. Offer of credit to bank examiner.

''213. Acceptance of credit by bank examiner.''.

SEC. 614. PARITY IN STANDARDS FOR INSTITUTION-AFFILIATED PARTIES.

Section 3(u)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1813(u)(4)) is amended by striking ''knowingly or recklessly''.

SEC. 615. ENFORCEMENT AGAINST MISREPRESENTATIONS REGARDING FDIC DEPOSIT INSURANCE COVERAGE.

(a) IN GENERAL.—Section 18(a) of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)) is

amended by adding at the end the following new paragraph:

''(4) FALSE ADVERTISING, MISUSE OF FDIC NAMES, AND MISREPRESENTATION TO INDICATE INSURED STATUS.—

''(A) PROHIBITION ON FALSE ADVERTISING AND MISUSE OF FDIC NAMES.—No person may—

''(i) use the terms 'Federal Deposit', 'Federal Deposit Insurance', 'Federal Deposit Insurance Corporation', any combination of such terms, or the abbreviation 'FDIC' as part of the business name or firm name of any person, including any corporation, partnership, business trust, association, or other business entity; or

''(ii) use such terms or any other sign or symbol as part of an advertisement, solicitation, or other document,

to represent, suggest or imply that any deposit liability, obligation, certificate or share is insured or guaranteed by the Federal Deposit Insurance Corporation, if such deposit liability, obligation, certificate, or share is not insured or guaranteed by the Corporation.

''(B) PROHIBITION ON MISREPRESENTATIONS OF INSURED STATUS.—No person may knowingly misrepresent—

''(i) that any deposit liability, obligation, certificate, or share is federally insured, if such deposit liability, obligation, certificate, or share is not insured by the Corporation; or

''(ii) the extent to which or the manner in which any deposit liability, obligation, certificate, or share is insured by the Federal Deposit Insurance Corporation, if such deposit liability, obligation, certificate, or share is not insured by the Corporation to the extent or in the manner represented.

''(C) AUTHORITY OF FDIC.—The Corporation shall have—

''(i) jurisdiction over any person that violates this paragraph, or aids or abets the violation of this paragraph; and

''(ii) for purposes of enforcing the requirements of this paragraph with regard to any person—

''(I) the authority of the Corporation under section 10(c) to conduct investigations; and

''(II) the enforcement authority of the Corporation under subsections (b), (c), (d) and (i) of section 8,

as if such person were a state nonmember insured bank.

''(D) OTHER ACTIONS PRESERVED.—No provision of this paragraph shall be construed as barring any action otherwise available, under the laws of the United States or any State, to any Federal or State law enforcement agency or individual.''.

(b) ENFORCEMENT ORDERS.—Section 8(c) of the Federal Deposit Insurance Act (12 U.S.C. 1818(c)) is amended by adding at the end the following new paragraph:

''(4) FALSE ADVERTISING OR MISUSE OF NAMES TO INDICATE INSURED STATUS.—

''(A) TEMPORARY ORDER.—

''(i) IN GENERAL.—If a notice of charges served under subsection (b)(1) of this section specifies on the basis of particular facts that any person is engaged in conduct described in section 18(a)(4), the Corporation may issue a temporary order requiring—

''(I) the immediate cessation of any activity or practice described, which gave rise to the notice of charges; and

''(II) affirmative action to prevent any further, or to remedy any existing, violation.

''(ii) EFFECT OF ORDER.—Any temporary order issued under this subparagraph shall take effect upon service.

''(B) EFFECTIVE PERIOD OF TEMPORARY ORDER.—A temporary order issued under subparagraph (A) shall remain effective and enforceable, pending the completion of an administrative proceeding pursuant to subsection (b)(1) in connection with the notice of charges—

''(i) until such time as the Corporation shall dismiss the charges specified in such notice; or

''(ii) if a cease-and-desist order is issued against such person, until the effective date of such order.

''(C) CIVIL MONEY PENALTIES.—Violations of section 18(a)(4) shall be subject to civil money penalties as set forth in subsection (i) in an amount not to exceed $1,000,000 for each day during which the violation occurs or continues.''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 18(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)) is amended—

(A) in the 1st sentence by striking ''of this subsection'' and inserting ''of paragraphs (1) and (2)'';

(B) by striking the 2nd sentence; and

(C) in the 3rd sentence, by striking ''of this subsection'' and inserting ''of paragraphs (1) and (2)''.

(2) The heading for subsection (a) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)) is amended by striking ''INSURANCE LOGO.—'' and inserting ''REPRESENTATIONS OF DEPOSIT INSURANCE.—''.

SEC. 616. COMPENSATION OF FEDERAL HOME LOAN BANK DIRECTORS.

Section 7(i) of the Federal Home Loan Bank Act (12 U.S.C. 1427(i)) is amended to read as follows:

''(i) DIRECTORS' COMPENSATION.—

''(1) IN GENERAL.—Each Federal home loan bank may pay the directors on the board of directors of the bank reasonable compensation for the time required of such directors, and reasonable expenses incurred by the directors, in connection with service on the board of directors, in accordance with resolutions adopted by the board of directors and subject to the approval of the board.

''(2) ANNUAL REPORT BY THE BOARD.—Information regarding compensation and expenses paid by the Federal home loan banks to the directors on the boards of directors of the banks shall be included in the annual report submitted to the Congress by the Board pursuant to section 2B(d).''.

SEC. 617. EXTENSION OF TERMS OF FEDERAL HOME LOAN BANK DIRECTORS.

(a) IN GENERAL.—Section 7(d) of the Federal Home Loan Bank Act (12 U.S.C. 1427(d)) is amended—

(1) in the first sentence, by striking ''3 years'' and inserting ''4 years''; and

(2) in the 2nd sentence—

(A) by striking ''Federal Home Loan Bank System Modernization Act of 1999'' and inserting ''Financial Services Regulatory Relief Act of 2003''; and

(B) by striking ''1/3'' and inserting ''1/4''.

(b) PROSPECTIVE APPLICATION.—The amendment made by subsection (a) shall not apply to the term of office in which any director of a Federal home loan bank is serving as of the date of the enactment of this Act, including any director elected or appointed to fill a vacancy in any such term of office.

SEC. 618. BIENNIAL REPORTS ON THE STATUS OF AGENCY EMPLOYMENT OF MINORITIES AND WOMEN.

(a) IN GENERAL.—Before December 31, 2003, and the end of each 2-year period beginning after such date, each Federal banking agency shall submit a report to the Congress on the status of the employment by the agency of minority individuals and women.

(b) FACTORS TO BE INCLUDED.—The report shall include a detailed assessment of each of the following:

(1) The extent of hiring of minority individuals and women by the agency as of the time the report is prepared.

(2) The successes achieved and challenges faced by the agency in operating minority and women outreach programs.

(3) Challenges the agency may face in finding qualified minority individual and women applicants.

(4) Such other information, findings, and conclusions, and recommendations for legislative or agency action, as the agency may determine to be appropriate to include in the report.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) FEDERAL BANKING AGENCY.—The term ''Federal banking agency''—

(A) has the same meaning as in section 3(z) of the Federal Deposit Insurance Act; and

(B) includes the National Credit Union Administration.

(2) MINORITY.—The term ''minority'' has the same meaning as in section 1204(c)(3) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

SEC. 619. COORDINATION OF STATE EXAMINATION AUTHORITY.

Section 10(h) of the Federal Deposit Insurance Act (12 U.S.C. 1820(h)) is amended to read as follows:

''(h) COORDINATION OF EXAMINATION AUTHORITY.—

''(1) IN GENERAL.—The appropriate State bank supervisor of the home State of an insured State bank has authority to examine and supervise the bank. The State bank supervisor of the home State of an insured State bank shall exercise its authority to supervise and examine the branches of the bank in a host State in accordance with the terms of any applicable cooperative agreement between the home State bank supervisor and the State bank supervisor of the relevant host State. Except as expressly provided in a cooperative agreement between the State bank supervisors of the home State and host State(s) of an insured State bank, only the State bank supervisor of the home State of an insured State bank may levy or charge State supervisory fees on the bank.

''(2) HOST STATE EXAMINATION.—With respect to a branch operated in a host State by an out-of-State insured State bank that resulted from an interstate merger transaction approved under section 44 or that was established in such State pursuant to section 5155(g) of the Revised Statutes, the third undesignated paragraph of section 9 of the Federal Reserve Act or section 18(d)(4) of this Act, the appropriate State bank supervisor of such host State may—

''(A) with written notice to the State bank supervisor of the bank's home State and subject to the terms of any applicable cooperative agreement with the State bank supervisor of such home State, examine such branch for the purpose of determining compliance with host State laws that are applicable pursuant to section 24(j) of this Act, including those that govern community reinvestment, fair lending, and consumer protection; and

''(B) if expressly permitted under and subject to the terms of a cooperative agreement with the State bank supervisor of the bank's home State or if such out-of-State insured State bank has been determined to be in a troubled condition by either the State bank supervisor of the bank's home State or the bank's appropriate Federal banking agency, participate in the examination of the bank by the State bank supervisor of the bank's home State to ascertain that the activities of the branch in such host State are not conducted in an unsafe or unsound manner. The State bank supervisor of the home State of an insured State bank shall notify the State bank supervisor of each host State of the bank if there has been a final determination that the bank is in a troubled condition. The State bank supervisor of the bank's home State shall provide such notice as soon as reasonably possible but in all cases within 15 business days after the State bank supervisor has made such final determination or has received written notification of such final determination.

''(3) HOST STATE ENFORCEMENT.—If the State bank supervisor of a host State determines that a branch of an out-of-State State insured State bank is violating any law of the host State that is applicable to such branch pursuant to section

24(j) of this Act, including a law that governs community reinvestment, fair lending, or consumer protection, the State bank supervisor of the host State or, to the extent authorized by the law of the host State, a host State law enforcement officer may, with written notice to the State bank supervisor of the bank's home State and subject to the terms of any applicable cooperative agreement with the State bank supervisor of the bank's home State, undertake such enforcement actions and proceedings as would be permitted under the law of the host State as if the branch were a bank chartered by that host State.

''(4) COOPERATIVE AGREEMENT.—The State bank supervisors from 2 or more States may enter into cooperative agreements to facilitate State regulatory supervision of State banks, including cooperative agreements relating to the coordination of examinations and joint participation in examinations. For purposes of this subsection (h), the term ''cooperative agreement'' means a written agreement that is signed by the home State bank supervisor and host State bank supervisor to facilitate State regulatory supervision of State banks and includes nationwide or multi-state cooperative agreements and cooperative agreements solely between the home State and host State. Except for State bank supervisors, no provision of this subsection (h) relating to such cooperative agreements shall be construed as limiting in any way the authority of home and host State law enforcement officers, regulatory supervisors, or other officials that have not signed such cooperative agreements to enforce host State laws that are applicable to a branch of an out-of-State insured State bank located in the host State pursuant to section 24(j) of this Act.

''(5) FEDERAL REGULATORY AUTHORITY.—No provision of this subsection shall be construed as limiting in any way the authority of any Federal banking agency.

''(6) STATE TAXATION AUTHORITY NOT AFFECTED.—No provision of this subsection (h) shall be construed as affecting the authority of any State or political subdivision of any State to adopt, apply, or administer any tax or method of taxation to any bank, bank holding company, or foreign bank, or any affiliate of any bank, bank holding company, or foreign bank, to the extent such tax or tax method is otherwise permissible by or under the Constitution of the United States or other Federal law.

''(7) DEFINITIONS.—For purpose of this section, the following definition shall apply:

''(A) The terms 'host State', 'home State', and 'out-of-State bank' have the same meanings as in section 44(g).

''(B) The term 'State supervisory fees' means assessments, examination fees, branch fees, license fees, and all other fees that are levied or charged by a State bank supervisor directly upon an insured State bank or upon branches of an insured State bank.

''(C) Solely for purposes of subparagraph (2)(B) of this subsection (h), an insured State bank has been determined to be in 'troubled condition' if the bank—

''(i) has a composite rating, as determined in its most recent report of examination, of 4 or 5 under the Uniform Financial Institutions Ratings System (UFIRS); or

''(ii) is subject to a proceeding initiated by the Corporation for termination or suspension of deposit insurance; or

''(iii) is subject to a proceeding initiated by the State bank supervisor of the bank's home State to vacate, revoke, or terminate the charter of the bank, or to liquidate the bank, or to appoint a receiver for the bank.

''(D) For the purposes of paragraph (2)(B), the term 'final determination' means the transmittal of a Report of Examination to the bank or transmittal of official notice of proceedings to the bank.''.

TITLE VII—CLERICAL AND TECHNICAL AMENDMENTS

SEC. 701. CLERICAL AMENDMENTS TO THE HOME OWNERS' LOAN ACT.

(a) AMENDMENT TO TABLE OF CONTENTS.—The table of contents in section 1 of the Home Owners' Loan Act (12 U.S.C. 1461) is amended by striking the items relating to sections 5 and 6 and inserting the following new items:

''Sec. 5. Savings associations.
''Sec. 6. [Repealed.]''.

(b) CLERICAL AMENDMENTS TO HEADINGS.—

(1) The heading for section 4(a) of the Home Owners' Loan Act (12 U.S.C. 1463(a)) is amended by striking ''(a) FEDERAL SAVINGS ASSOCIATIONS.—'' and inserting ''(a) GENERAL RESPONSIBILITIES OF THE DIRECTOR.—''.

(2) The section heading for section 5 of the Home Owners' Loan Act (12 U.S.C. 1464) is amended to read as follows:

''SEC. 5. SAVINGS ASSOCIATIONS.''.

SEC. 702. TECHNICAL CORRECTIONS TO THE FEDERAL CREDIT UNION ACT.

The Federal Credit Union Act (12 U.S.C. 1751 et seq.) is amended as follows:

(1) In section 101(3), strike ''and'' after the semicolon.

(2) In section 101(5), strike the terms ''account account'' and ''account accounts'' each place any such term appears and insert ''account''.

(3) In section 107(a)(5)(E) (as so designated by section 303 of this Act), strike the period at the end and insert a semicolon.

(4) In paragraphs (6) and (7) of section 107(a) (as so designated by section 303 of this Act), strike the period at the end and insert a semicolon.

(5) In section 107(a)(7)(D) (as so designated by section 303 of this Act), strike ''the Federal Savings and Loan Insurance Corporation or''.

(6) In section 107(a)(7)(E) (as so designated by section 303 of this Act), strike ''the Federal Home Loan Bank Board,'' and insert ''the Federal Housing Finance Board,''.

(7) In section 107(a)(9) (as so designated by section 303 of this Act), strike ''subchapter III'' and insert ''title III''.

(8) In section 107(a)(13) (as so designated by section 303 of this Act), strike the ''and'' after the semicolon at the end.

(9) In section 109(c)(2)(A)(i), strike ''(12 U.S.C. 4703(16))''.

(10) In section 120(h), strike ''under the Act approved July 30, 1947 (6 U.S.C., secs. 6–13),'' and insert ''chapter 93 of title 31, United States Code,''.

(11) In section 201(b)(5), strike ''section 116 of''.

(12) In section 202(h)(3), strike ''section 207(c)(1)'' and insert ''section 207(k)(1)''.

(13) In section 204(b), strike ''such others powers'' and insert ''such other powers''.

(14) In section 206(e)(3)(D), strike ''and'' after the semicolon at the end.

(15) In section 206(f)(1), strike ''subsection (e)(3)(B)'' and insert ''subsection (e)(3)''.

(16) In section 206(g)(7)(D), strike ''and subsection (1)''.

(17) In section 206(t)(2)(B), insert ''regulations'' after ''as defined in''.

(18) In section 206(t)(2)(C), strike ''material affect'' and insert ''material effect''.

(19) In section 206(t)(4)(A)(ii)(II), strike ''or'' after the semicolon at the end.

(20) In section 206A(a)(2)(A), strike ''regulator agency'' and insert ''regulatory agency''.

(21) In section 207(c)(5)(B)(i)(I), insert ''and'' after the semicolon at the end.

(22) In section 207(c)(8)(D)(ii)(I), insert a closing parenthesis after ''Act of 1934''.

(23) In the heading for subparagraph (A) of section 207(d)(3), strike ''TO'' and insert ''WITH''.

(24) In section 207(f)(3)(A), strike ''category or claimants'' and insert ''category of claimants''.

(25) In section 209(a)(8), strike the period at the end and insert a semicolon.

(26) In section 216(n), insert ''any action'' before ''that is required''.

(27) In section 304(b)(3), strike ''the affairs or such credit union'' and insert ''the affairs of such credit union''.

(28) In section 310, strike ''section 102(e)'' and insert ''section 102(d)''.

SEC. 703. OTHER TECHNICAL CORRECTIONS.

(a) Section 1306 of title 18, United States Code, is amended by striking ''5136A'' and inserting ''5136B''.

(b) Section 5239 of the Revised Statutes of the United States (12 U.S.C. 93) is amended by redesignating the second of the 2 subsections designated as subsection (d) (as added by section 331(b)(3) of the Riegle Community Development and Regulatory Improvement Act of 1994) as subsection (e).

SEC. 704. REPEAL OF OBSOLETE PROVISIONS OF THE BANK HOLDING COMPANY ACT OF 1956.

(a) IN GENERAL.—Section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841) is amended—

(1) in subsection (c)(2), by striking subparagraphs (I) and (J); and

(2) by striking subsection (m) and inserting the following new subsection:

''(m) [Repealed]''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—Paragraphs (1) and (2) of section 4(h) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(h)) are each amended by striking ''(G), (H), (I), or (J) of section 2(c)(2)'' and inserting ''(G), or (H) of section 2(c)(2)''.

The CHAIRMAN pro tempore. No amendment to the committee amendment is in order except those printed in House Report 108–439. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

It is now in order to consider amendment No. 1 printed in House Report 108–439.

AMENDMENT NO. 1 OFFERED BY MR. OXLEY

Mr. OXLEY. Mr. Chairman, I offer an amendment made in order under the rule.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. OXLEY:

Page 9, strike line 3 and all that follows through page 10, line 2 (and redesignate subsequent sections and any cross reference to any such section and conform the table of contents accordingly).

Page 31, line 2, strike ''main'' and insert ''home''.

Page 31, strike line 3 and all that follows through page 32, line 13 (and conform the table of contents accordingly).

Page 37, strike lines 16 and 17 and insert the following new heading:

''(b) ADDITIONAL INVESTMENT AUTHORITY.—

Page 37, line 18, strike ''A Federal'' and insert ''In addition to any investments otherwise authorized, a Federal''.

Page 47, after line 5, insert the following new paragraphs (and redesignate the subsequent paragraph accordingly):

(2) INTERSTATE BRANCHING BY SUBSIDIARIES OF COMMERCIAL FIRMS PROHIBITED.—Section 18(d)(3)) of the Federal Deposit Insurance Act (12 U.S.C. 1828(d)(3)) is amended by adding at the end the following new subparagraph:

''(C) INTERSTATE BRANCHING BY SUBSIDIARIES OF COMMERCIAL FIRMS PROHIBITED.—

''(i) IN GENERAL.—If the appropriate State bank supervisor of the home State of any industrial loan company, industrial bank, or other institution described in section 2(c)(2)(H) of the Bank Holding Company Act of 1956, or the appropriate State bank supervisor of any host State with respect to such company, bank, or institution, determines that such company, bank, or institution is controlled, directly or indirectly, by a commercial firm, such company, bank, or institution may not acquire, establish, or operate a branch in such host State.

''(ii) COMMERCIAL FIRM DEFINED.—For purposes of this subsection, the term 'commercial firm' means any entity at least 15 percent of the annual gross revenues of which on a consolidated basis, including all affiliates of the entity, were derived from engaging, on an on-going basis, in activities that are not financial in nature or incidental to a financial activity during at least 3 of the prior 4 calendar quarters.

''(iii) GRANDFATHERED INSTITUTIONS.—Clause (i) shall not apply with respect to any industrial loan company, industrial bank, or other institution described in section 2(c)(2)(H) of the Bank Holding Company Act of 1956—

''(I) which became an insured depository institution before October 1, 2003 or pursuant to an application for deposit insurance which was approved by the Corporation before such date; and

''(II) with respect to which there is no change in control, directly or indirectly, of the company, bank, or institution after September 30, 2003, that requires an application under subsection (c), section 7(j), section 3 of the Bank Holding Company Act of 1956, or section 10 of the Home Owners' Loan Act.

''(iv) TRANSITION PROVISION.—Any divestiture required under this subparagraph of a branch in a host State shall be completed as quickly as is reasonably possible.

''(v) CORPORATE REORGANIZATIONS PERMITTED.—The acquisition of direct or indirect control of the company, bank, or institution referred to in clause (iii)(II) shall not be treated as a 'change in control' for purposes of such clause if the company acquiring control is itself directly or indirectly controlled by a company that was an affiliate of such company, bank, or institution on the date referred to in clause (iii)(II), and remained an affiliate at all times after such date.''.

(3) TECHNICAL AND CONFORMING AMENDMENTS.—Section 18(d)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(d)(4)) is amended—

(A) in subparagraph (A) by striking ''Subject to subparagraph (B)'' and inserting ''Subject to subparagraph (B) and paragraph (3)(C)''; and

(B) in subparagraphs (D) and (E), by striking ''The term'' and inserting ''For purposes of this subsection, the term''.

Page 47, line 21, insert ''or are applicable to an insured State nonmember bank under section 18(d)(3) of the Federal Deposit Insurance Act'' after ''Revised Statutes of the United States''.

Page 51, line 4, insert before the semicolon at the end ''and inserting the following new paragraph''.

Page 51, after line 4, insert the following new paragraph:

''(5) APPLICABILITY TO INDUSTRIAL LOAN COMPANIES.—No provision of this section shall be construed as authorizing the approval of any transaction involving a industrial loan company, industrial bank, or other institution described in section 2(c)(2)(H) of the Bank Holding Company Act of 1956, or the acquisition, establishment, or operation of a branch by any such company, bank, or institution, that is not allowed under section 18(d)(3).''.

Page 58, line 19, insert ''(i)'' after ''section 38(e)(2)(E)''.

Page 88, strike line 1 and all that follows through the 2 items following line 15 on page 94 (and redesignate subsequent sections and any cross reference to any such section and conform the table of contents accordingly).

The CHAIRMAN pro tempore. Pursuant to House Resolution 566, the gentleman from Ohio (Mr. OXLEY) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. FRANK of Massachusetts. I do not see anyone on the floor who is opposed to this amendment. Is it then permissible under the rules for me to request the rest of the time?

The CHAIRMAN pro tempore. The gentleman may request unanimous consent.

Mr. OXLEY. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, my amendment makes certain technical and conforming changes to the bill requested by the Federal financial regulators, deletes sections from the bill reported by the Committee on Financial Services that have been superseded by other legislative or judicial developments, and, most importantly, incorporates compromise language developed by two highly respected members of our committee, the gentleman from Ohio (Mr. GILLMOR) and the gentleman from Massachusetts (Mr. FRANK), limiting the scope of the de novo branching authority provided for in section 401 of the bill.

As reported by the Committee on Financial Services, section 401 eliminates current statutory restrictions on banks' ability to branch across State lines. When the committee marked up H.R. 1375, the gentleman from Ohio (Mr. GILLMOR) and other Members expressed concerns about extending this de novo branching authority to industrial loan companies, or ILCs, that are owned by commercial companies, such as retailers and auto manufacturers. Since the markup, the gentleman from Ohio (Mr. GILLMOR) and the gentleman from Massachusetts (Mr. FRANK) have worked together to develop language that would permit ILCs owned by financial firms to avail themselves of the new de novo branching authority while prohibiting branching by ILCs owned by nonfinancial or commercial firms that did not become insured depositories until after a grandfather date specified in the amendment.

Like any good compromise, the Gillmor-Frank amendment does not embody total consensus. There are those in this body who believe we should place no restrictions on the activities of ILCs that do not also apply to other depository institutions and those on the other hand who feel equally strongly that the ILC charter has been expanded beyond its original purpose and should be scaled back. Indeed, we have heard strong debate on that during general debate. On the whole, I believe that the Gillmor-Frank language strikes a reasonable compromise on a very difficult issue, and I am pleased to include it in this manager's amendment.

Mr. Chairman, I urge all Members to support the manager's amendment.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN pro tempore. Does any Member claim time in opposition to the amendment?

Mr. FRANK of Massachusetts. Mr. Chairman, if it is appropriate, I will, although I am not in opposition.

The CHAIRMAN pro tempore. If not, without objection, the gentleman from Massachusetts may claim the time otherwise reserved for opposition to the amendment.

There was no objection.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

I just want to address one important issue on this question of the industrial loan companies that the gentleman from Iowa had raised previously. It is clear, as we all agree, that the ILCs are in fact regulated. They are regulated by a Federal bank regulator, the FDIC. The element of unregulation goes with holding companies. Bank holding companies are regulated by the Federal Reserve. Heretofore, these holding companies have not had, in my experience, much independent existence and so the regulation by the FDIC has done it.

I will say to the gentleman from Iowa, while he is not here right now, he has been very conscientious on this bill and is probably following this, that I would be prepared to work with him on the question of whether or not an appropriate form of regulation for the holding companies ought to exist. Perhaps the FDIC or some other entity should have it. I do not think we have a regulatory hole. We have not had one historically. I do not think we are creating one. But I would note the only potential argument is there would not be a regulation of the holding company. All of the bank activities of the ILCs would be regulated by the FDIC.

Having said that, I just would repeat what the gentleman from Ohio essentially said. This is, I think, an effort to fine-tune regulation. I do not believe in any regard it cuts back excessively. I did disagree with the proposal to cut the review time for antitrust to 5 days. We have an amendment that will be coming soon from the gentlewoman from California that will push it back up to 15, not exactly where I would like it. We then will have a couple of other amendments to deal with. But I would note that we are going to correct what I think is one of the flaws in this bill.

Mr. Chairman, I reserve the balance of my time.

Mr. OXLEY. Mr. Chairman, I am pleased to yield 3 minutes to the distinguished gentleman from Ohio (Mr. GILLMOR).

(Mr. GILLMOR asked and was given permission to revise and extend his remarks.)

Mr. GILLMOR. Mr. Chairman, I rise in strong support of the manager's amendment to this bill. I want to thank the gentleman from Ohio (Mr. OXLEY) both for his outstanding work on this bill and also for allowing an essential provision authored by myself and the gentleman from Massachusetts (Mr. FRANK) in the manager's amendment. I want to thank the gentleman from Massachusetts for the very effective and the bipartisan way that he has worked to make this amendment happen. Our compromise language closes a dangerous loophole that would allow large commercial entities to obtain bank charters and to be unregulated at the holding company level in providing banking products and services in all 50 States.

Section 401 expands the authority of banks and industrial loan companies, or ILCs, to branch across State lines on a de novo basis rather than acquiring an existing bank. That means if a large retailer were to acquire an ILC, they could not only enter the banking industry without being subject to the Bank Holding Company Act but branch freely across the country. This would clearly be in defiance of our longstanding tradition of separating banking and commerce, most recently affirmed by Congress in the Gramm-Leach-Bliley Act of 1999. Large retailers have attempted to acquire, and in some cases have acquired, ILCs in several States and continue to express publicly their desire to offer financial services to their customers. While this amendment grandfathers some ILCs which were owned by commercial firms before, it provides that any ILC acquired in the future must play by the same rules in interstate branching as other financial institutions. There are some commercial or industrial companies who oppose the manager's amendment. Some companies want to prospectively create a giant loophole for themselves that would enable them to branch interstate in a way that no one else can. They include companies such as Wal-Mart, John Deere, Target, among others. The manager's amendment closes the loophole and simply requires they be treated the same as anybody else.

The existing business relationships of longstanding ILCs supported by FDIC insurance are protected by our language in the form of a grandfather clause. However, the risks associated with the mixing of banking and commerce are real and the compromise provisions contained in this language such as that allowing corporate reorganizations are not in any way meant to allow circumvention of our overall goal of preventing the acquisition of a grandfathered ILC by a commercial parent.

I urge support of the manager's amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield back the balance of my time.

Mr. OXLEY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Ohio (Mr. OXLEY).

The amendment was agreed to.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 2 printed in House report 108–439.

□ 1230

AMENDMENT NO. 2 OFFERED BY MS. WATERS

Ms. WATERS. Mr. Chairman, I offer an amendment.

The Chairman pro tempore (Mr. SIMMONS). The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Ms. WATERS:

Page 84, strike line 1 and all that follows through line 13 (and redesignate subsequent sections and any cross reference to any such section and conform the table of contents accordingly).

The CHAIRMAN pro tempore. Pursuant to House Resolution 566, the gentlewoman from California (Ms. WATERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

I would first like to thank the gentleman from Ohio (Mr. OXLEY) and the gentleman from Massachusetts (Mr. FRANK) for the leadership that they have provided in this committee not only on this issue but on all of the issues that we work with on the Committee on Financial Services. I think someone said it earlier, and I agree, I believe it was the gentleman from Alabama (Mr. BACHUS) who said it, we do have a way of working together, and we do have a way of respecting the work that is done on both sides of the aisle; and I am appreciative for the comradery that has developed out of that committee. So with that, I would like to thank also the chairman and the members of the Committee on Rules for making my rule in order.

During the course of a bank merger process, both the Federal financial supervisory agency and the Department of Justice review the merger proposal for competitive concerns. After a Federal banking agency approves a merger, DOJ has 30 days to decide whether to challenge the merger approval on antitrust grounds. At a minimum, the merging banks must now wait 15 days before completing their merger. As proposed, section 609 would reduce the minimum 15-day waiting period to 5 days when the Department of Justice indicates it will not file suit challenging the merger approval order.

This amendment is designed to preserve the existing 15-calendar-day waiting period in which members of the public may challenge a bank merger after the Department of Justice has approved a merger between banks or between bank-holding companies. This mandatory waiting period protects the rights of the public to raise concerns with respect to the propriety of bank mergers once the Department of Justice decides whether to challenge a merger on antitrust grounds. Currently, banking law allows third parties, other than Federal banking agencies or DOJ, to file suit during the post-approval waiting period. Such private enforcement is critical to ensuring that important policy concerns including the adequacy of the banks' Community Reinvestment Act performance, are taken into account when Federal courts evaluate whether an agency's approval of a proposed bank merger should be upheld. Such private suits are the vehicle through which community organizations may gain information about a proposed bank merger to ensure that the merger will not result in disproportionate branch closures in low-income or minority communities.

The existing law strikes the proper balance between the right of third parties to seek judicial review of bank merger approval orders and the rights of parties to the merger to finalize their transaction. Section 609 of the bill as reported would seriously impair the right of community organizations to seek this judicial review of Federal bank merger approval orders. The current 15-day waiting period should be preserved.

So my amendment has been made in order under the proposed rule, and I would ask support for the amendment.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. SWEENEY). Does the gentleman from Ohio (Mr. OXLEY) rise in opposition to the amendment?

Mr. OXLEY. Mr. Chairman, I am not opposed.

The CHAIRMAN pro tempore. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. OXLEY. Mr. Chairman, I yield myself such time as I may consume.

We are prepared to accept the amendment, and I say to the gentlewoman from California, good work on this issue.

Mr. OXLEY. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentlewoman from California (Ms. WATERS).

The amendment was agreed to.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 3 printed in House Report 108–439.

AMENDMENT NO. 3 OFFERED BY MR. BACHUS

Mr. BACHUS. Mr. Chairman, I offer an amendment.

The Chairman pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. BACHUS:

Page 94, strike line 16 and all that follows through line 20 (and redesignate subsequent sections and any cross reference to any such section and conform the table of contents accordingly).

The CHAIRMAN pro tempore. Pursuant to House Resolution 566, the gentleman from Alabama (Mr. BACHUS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, my amendment simply strikes section 614, and what 614 does is, in a read relief bill, it actually shifts a burden to any independent contractor that deals with the banks, and it creates a presumption or a burden of proof on any independent contractor dealing with a bank in an enforcement provision by one of the regulatory agents. It puts a burden of proof on them in an administrative court hearing to basically prove their innocence. And they have no right to a trial by jury. They have no right to an appeal and trial de novo. Their assets can be frozen while these hearings are going on. And I think that that is a tremendous hammer to give to the regulatory bodies, one that we certainly do not need to do in this bill.

What section 614 would do, and I will be brief in this, is it simply equates and says that an independent contractor dealing with a bank will be treated as having the same knowledge or an equivalent knowledge as a bank insider, a director or a board member of that bank. So if they are an attorney, if they are an accountant, if they are an appraiser, if they are a Realtor, or if they are any of these affiliated parties, they are treated as if they have the inside knowledge of a bank insider; and that is simply not the case.

Not only are they equated with that knowledge, but when these charges are brought against them, as I said a minute ago, they have no right to a jury trial, and the administrative judge that makes a determination on whether they are guilty or innocent is appointed by the regulatory agent. And right now the burden of proof is on the regulatory agent to prove that the insider knew, had knowledge, or was reckless. And I think that standard proved to be the right standard during the savings and loan crisis during the mid-1980s. There has been no shortage of enforcement action by the regulators. So I simply say, let us strike section 614. The gentlewoman from Oregon (Ms. HOOLEY), the gentleman from Alabama (Mr. DAVIS), and the gentleman from Virginia (Mr. CANTOR) are supporting me in this amendment, as are the American Bar Association, the appraisers, the accounting organizations, all of which simply are aghast that we would put some provision like this in a bill which would give the regulators such ominous authority.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I rise in opposition. Mr. Chairman, I yield myself 3 minutes.

This is one of the two disagreements here. I should note that the section that is in the bill that the gentleman from Alabama seeks to strike was requested by the Federal Deposit Insurance Corporation. What they said was they want to be able to issue their orders. They do not have criminal procedures here. This does not take away one's right to a jury trial for any criminal trial. The FDIC has administrative powers. They can order one to cease and desist from a certain practice; they can debar one from working.

What they are saying is they do not want to be unable to bar people or to order a stop to people who are being grossly negligent. The language that will be governing the FDIC's regulating authority with regard to lawyers and others who work on banking matters, these are people that are hired by banks as professionals; and let me say there was some argument before that, well, these people should not be held to knowing banking law. We are not talking about the guys who install the drywall. We are not talking about the people who do the valet parking at the big soirees. We are talking about lawyers and other professionals. And, yes, I do believe it is reasonable to hold lawyers to a standard of knowing bank law when they do lawyering for banks. And what the FDIC said is we do not want to have to prove that they were reckless or deliberate. If they are grossly negligent, we want to be able to step in.

It is not a criminal proceeding. It is the FDIC. The FDIC wants to be able to hold professionals who are offering their professional services voluntarily to banks and working on bank matters to a knowledge of banking law to the extent if they are negligent, or even grossly negligent, if this amendment said the standard was gross negligence, it would be less of a problem for me, but this says for the FDIC to be able to discipline an attorney or any other professional servicing a bank, it must be a standard of either knowledge or recklessness of the conduct, and I think that is a mistake.

We know that there is not always a great difference between the people who work full-time for the bank and the people who are working as professionals for the bank. There are people who specialize, lawyers who specialize, in serving banks, other professionals who would specialize in serving banks. It seems to me entirely reasonable for them to be held to that standard.

So I do agree that we want to be deregulatory here, and a few minutes ago some of us were saying it was a good thing we have the FDIC. They are the regulators of the ILCs. They are an important regulator. This is a case where the regulators have asked us to keep a standard for them which they use when they are dealing with the banks themselves, and they want to be able to apply it to the independent contractors. I think it would be a mistake to give the FDIC significantly less power to act in enforcement proceedings against lawyers and other professionals than they now have.

Mr. Chairman, I reserve the balance of my time.

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state the inquiry.

Mr. FRANK of Massachusetts. Mr. Chairman, do I have the right to close on this amendment?

The CHAIRMAN pro tempore. Yes, the gentleman will. The manager in opposition has the right to close.

Mr. BACHUS. Mr. Chairman, I yield back the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Alabama (Mr. BACHUS).

The amendment was agreed to.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 4 printed in House Report 108–439.

AMENDMENT NO. 4 OFFERED BY MR. WEINER

Mr. WEINER. Mr. Chairman, I offer an amendment.

The Chairman pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. WEINER:

Page 67, after line 13, insert the following new section (and conform the table of contents accordingly):

SEC. 410. CERTAIN CHECK DISHONORMENT FEES PROHIBITED.

(a) IN GENERAL.—Section 607 of the Expedited Funds Availability Act (12 U.S.C. 4006) (relating to miscellaneous provisions) is amended by adding at the end the following new subsection:

''(f) FEES ON DISHONORED CHECKS.—

''(1) RECEIVING DEPOSITORY INSTITUTION.—In the case of a check drawn on an account at an originating institution which is dishonored by the originating institution due to the lack of sufficient funds in such account to pay the check, a receiving depository institution may not impose any fee on the depositor, in connection with such check, due to such dishonorment.

''(2) RULE OF CONSTRUCTION.—No provision of this section shall be construed as affecting any intervening depository institution or the costs of the services provided by such depository institution.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply after the end of the 180-day period beginning on the date of the enactment of this Act.

The CHAIRMAN pro tempore. Pursuant to House Resolution 566, the gentleman from New York (Mr. WEINER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New York (Mr. WEINER).

Mr. WEINER. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Chairman, this is a very proconsumer effort. I do think people ought to be penalized when they can control it. But as the gentleman from New York as pointed out, bank practices today blame the victim. If one is a recipient of a bad check and they in good faith deposit it in their bank, they are penalized. Indeed, I would contrast this with the previous amendment. If one is an attorney now under this bill and they behave with gross negligence, the FDIC cannot do anything about it; but if they are the consumer who gets a bad check, they get whacked. I do not think it is anticapitalist to say that people who are the victims of bad checks once should not be victimized by bad checks twice. People have said, well, we should give them an incentive. As the gentleman from New York had said, I do not know many people who say I do not mind getting a bad check as long as my bank does not hurt me. I think there is already every incentive they have got to say no to it. We are not talking about someone who takes eight bad checks from the same person. The first time someone victimizes someone with a check that has insufficient funds, they are victimized.

This amendment is a good amendment.

Mr. WEINER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is a very easy-to-understand issue, but a very difficult-to-understand fee. When someone writes someone a check and they do not have the funds in that account, they pay a penalty. They pay a fine. They violated the rules of the transaction. When they receive the check, what have they done wrong? What rule have they violated? What sanctions should be against someone for receiving the bad check? And the gentleman from Massachusetts was absolutely correct. This is a proconsumer measure. But let us remember who the recipients of most bounced checks are. They are small businesses, they are supermarkets, they are liquor stores, they are appliance stores that are not only out the money, they are out the goods. It simply makes no sense.

I have seen some of the arguments against this. They say, well, it is going to increase the cost of banking for consumers. If there is a cost to this transaction, I ask only one question: Why does the victim pay it? All my amendment does is it says they cannot charge the victim of a bad check for that action.

□ 1245

Why should the victim pay? Why should the victim pay?

Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I rise in opposition to the Weiner amendment, and I yield myself such time as I may consume.

Mr. Chairman, what this amendment does is it says, when a customer accepts a bad check from a third party and deposits that check into his account and the bank takes a hit, and it does take a hit anywhere from, according to the Massachusetts Division of Banks, which is one of the more liberal supervisors, it says that cost can be as much as $15, $14.46. It can be as little as $1 or $2. But this is not a pro-consumer bill; this is, in my mind, a pro-either customer who accepts a bad check, or a pro-person who issues worthless checks. I mean, the only person that is rewarded by this provision is someone who issues a bad check.

As drafted, it is not even clear whether the fee prohibition will apply only to the customer who accepts a bad check but, apparently, the prohibition will also pass through to the person who wrote the bad check.

So we have the perverse situation here where banks cannot charge for worthless checks. This provision is actually going to discourage responsibility by customers. It is going to prohibit the bank from passing that charge on to the customer who writes the check. In fact, what it could do is, if this thing passes, a fraudulent attempt could simply be to write a bunch of bad checks, deposit them in my account or deposit them in a friend's account, and we could swap and we could start inundating the bank with worthless checks.

Who would be saddled with that? Well, according to the gentleman from New York (Mr. WEINER), the bank, because the bank cannot pass it on to the customer, so what would the bank do? It would raise its fees to everyone. The end result would be that those customers, those of us who are diligent in determining who we are dealing with and accepting checks from other parties, would end up with the burden.

This really creates an unfair situation where customers who do not deposit bad checks or high-risk checks subsidize those who do on the cost of handling those items. In my mind, it is just the American system; banks are no different from you and I. When they incur costs, they ought to be able to charge the party responsible for causing that cost. Depository institutions should be allowed to charge those customers who cause the institution to incur the cost. It is just simply the way we have done business in this country since the start. We are simply absolving people of responsibility who are the people in the position to take responsibility. A customer who deposits a bad check has the opportunity, he often has the opportunity to pass any fees that are assessed back to the person who wrote the check.

So even if this is drafted, and I believe it is drafted where it is just a prohibition, it does not say that they can put it on anybody. They cannot put it on their customer. They certainly do not have any connection or relationship with the third party who wrote the bad check, so it is going to be almost very impractical, if not illegal under this provision, for them to charge the person who wrote the bad check.

Right now, I think it works very well. A landlord gets a bad check from a renter, the landlord takes that check down and deposits it to the bank, the bank gets stiffed with a bad check, it passes it back to the landlord, the landlord turns around and charges it to the renter. That is the way it ought to be. The bank, and all of the customers of the bank, should not have to pay for a renter who writes a worthless check to the landlord. That ought to be charged to the landlord, and then they can pass that back to the renter.

Let me simply close by saying this is a regulatory relief bill that we promised to the financial institutions because of all of the costs they were incurring as a result of the PATRIOT Act. It is not a regulatory burden bill. We do not reward someone with more punishment. We have imposed all of these money-laundering requirements on them, and we told them we would come back in this legislation and help them recover some of the costs, and thrifts are going to be stuck with this, credit unions cannot charge. It is going to really hurt a lot of institutions and a lot of customers.

Mr. WEINER. Mr. Chairman, I yield myself such time as I may consume.

I do not know where to start. First, let us start about the mistake that the gentleman made about the bill, line 13, page 1: may not impose a fee on the depositor. Nothing in this bill stops the bank from charging a fee to the person who bounced the check. Let me say it again. Nothing in this bill stops the person who bounced the check from getting a fee. You can charge them $10,000. I think it is too high, but $10,000.

Here is the scenario I would like to explain to the gentleman. The gentleman from Alabama (Mr. BACHUS) knows me. The gentleman and I serve on a committee together. I give the gentleman a check. I have violated the rules. I give the gentleman a check that does not have enough money to back it. Can the gentleman check whether I have enough money in the account? Under the rules of privacy we passed here, he can. He does everything exactly according to Hoyle.

The gentleman is now the victim of a bad check. The gentleman is the victim of a bad check, I say to the gentleman. I leave town. I do not get reelected. I get elected mayor. Stranger things have happened. And the gentleman from Alabama is now out the money for the check, and his bank is charging him a fee.

I want to make sure the gentleman understands this, because he misstated it consistently over 5 minutes. There is nothing stopping the bank from penalizing the person who bounces the check. This is about the person receiving the bad check. And this notion about the landlord and the oppression that we are putting on people, do my colleagues know who benefits from this bill the most? Those that are represented by the food marketing institute, local supermarkets, local liquor stores, local bodegas, people who receive checks in large numbers, who do everything according to the rules the gentleman from Alabama just described; and they are facing a sanction for the benefit of having a bounced check. The gentleman says, well, we are sticking this to the banks. No. There is no reason that we should stick this to anyone, but especially not the victim.

To oppose this amendment is to say, I believe the person who had the check bounced against them should pay this fee. I would say, Mr. Chairman, there are a lot of reasons why I can see the banks are so jealously guarding this. They all have dollar signs after them. They make a lot of money from this practice. But, frankly, it is patently unfair, unfair to individual consumers, unfair to that landlord. In the gentleman's description, the landlord is out the rent, and he is out the fee. What did that guy do wrong? What is the purpose of a penalty if it is not penalizing anything that he can avoid? He followed every single rule.

And I would ask the gentleman again, you are running a supermarket, you get a check. You say, I want to see your ID; I want to see your driver's license. I want a photograph. I want to know where you live. I want to know the names of your sisters and brothers. And they take the check, following every rule the bank set up, and it bounces. What have you done wrong? How do you avoid that sanction? What kind of a law do we ever pass here where we tell how you avoid the penalty? It is patently unfair.

I want to reiterate this. This is a consumer issue, because consumers get bad checks. Ninety-nine percent of these checks are to businesses, small businesses who use this check as an article of faith, and we should not penalize them for doing that.

The CHAIRMAN pro tempore (Mr. SWEENEY). The gentleman's time has expired. All time has expired.

The question is on the amendment offered by the gentleman from New York (Mr. WEINER).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. WEINER. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New York (Mr. WEINER) will be postponed.

It is now in order to consider amendment No. 5 printed in House report 108–439.

AMENDMENT NO. 5 OFFERED BY MS. JACKSON-LEE of texas

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The Chairman pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Ms. JACKSON-LEE of Texas:

Page 83, line 4, strike the closing quotation marks and the 2nd period.

Page 83, after line 4, insert the following new subparagraph:

"(C) SENSE OF THE CONGRESS.—It is the sense of the Congress that, when a requesting agency requires expeditious action on an application for a merger transaction, consideration should be made as to the impact the merger transaction will have on corporate and individual customers in an effort to ensure that no harmful effects will result from the merger transaction.".

The CHAIRMAN pro tempore. Pursuant to House Resolution 566, the gentlewoman from Texas (Ms. JACKSON-LEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Chairman, I yield myself such time as I may consume.

Let me, first of all, add my appreciation to the chairman of the full committee and the ranking member of the full committee and of course the subcommittee Chair and ranking member, because I believe that they understand that everyone in every community has experienced the impact which my amendment is attempting to address.

We understand that this is a Nation now of mergers and acquisitions, but the real question on bank mergers is what happens to the friendly bank officer that most of us are familiar with? What happens to the civic spirit? What happens to the decision-making, and what happens to the jobs?

My amendment is simple. It says that when there is an expedited process in a merger transaction, consideration should be made as to the impact the transaction will have on corporate and individual customers in an effort to ensure that no harmful effects will result from the merger transaction.

What does that mean? It means that we know when there are large conglomerates coming together, whether you are in an urban area or whether you are in a rural area, there is going to be some loss. What is that loss? First of all, we may lose something that this body has been discussing over a number of months because of the large percentage of unemployment in our Nation. We will lose jobs in a certain area. But then we will lose something that is very important that many of us do not focus on: the decision-making capacity to lend monies to the community, home loans, bank loans dealing with businesses, maybe even car loans.

I have in my possession information that shows that in rural Texas, 42 percent of those who apply for loans are able to get it; but then the other remaining body does not. So there is a problem. When a conglomerate will merge with smaller banks in rural areas, it takes away that ability to gain the right to a decision to secure monies.

Mr. Chairman, this is again a simple amendment that I would ask my colleagues to support enthusiastically, to not abdicate our responsibilities of oversight when a merger comes about in terms of its impact on our communities.

Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I rise in opposition to the amendment, and claim that time, and I yield myself such time as I may consume.

Mr. Chairman, I believe that the gentlewoman's concerns are already fully addressed in this legislation. I believe that because the current law requires Federal financial regulators to closely examine the impact of any mergers, not only on the financial system, but also on the communities involved. If my colleagues will look at 12 USC 1842, it says: "A Federal financial regulator may not approve any merger where the proposed acquisition merger or consolidation may substantially lessen competition, tend to create a monopoly, or restrain trade, unless it finds that the anti-competitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served."

This section of the U.S. Code goes on to state that in every acquisition, merger, or consolidation the regulator shall take into consideration the financial and managerial resources and future prospects of the company or companies and bank concerns and the convenience and needs of the community. Let me stress that: and the convenience and needs of the communities.

All mergers, acquisitions, and consolidations are subject to antitrust review by the Department of Justice to ensure that there is not a negative impact on the financial system or on the communities that the financial institutions serve.

So we have all of these tests, all of these hurdles that must be gone through.

Finally, not only that, but notice must be given that a merger is being considered, and under the Community Reinvestment Act, members of the affected communities have the ability to comment on the impact of the merger to the banking agency. So we have all of this. Nothing in this regulation relief bill changes that.

These same protections and considerations apply when a financial institution is participating in an expedited merger process.

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Accordingly, this amendment simply is not necessary. It will add additional cost. And I must urge its defeat on the grounds I have just stated and on the further grounds, as I have said in opposing the last amendment, that we promised the financial institutions, the credit unions, the thrifts, and the small banks, those that have the greatest regulatory burden, the greatest percentage of cost in complying with these new money laundering provisions, that we would take the burdens off of them, not put more burdens on them.

So I would urge the defeat of this amendment.

Mr. Chairman, I reserve the balance of my time.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am disappointed in the gentleman's opposition, but I press on in any event, because I press on on behalf of the consumers.

I would, with all due respect, refer to the gentleman from Ohio (Mr. OXLEY), who is on the floor, to look at this amendment. It is simply a sense of Congress that we not abdicate our oversight.

I have heard the gentleman from Alabama (Mr. BACHUS) on the fact that we have all of the oversight. But clearly I think in the expedited process, the indication or instruction, if you will, to the appropriate regulators that we should look keenly at whether or not these mergers impact negatively on corporate and individual consumers in the elements that I have listed, the loss of jobs, the element of decision-making, the question of civic mindedness, if you will, and clearly to note in our communities when headquarters lift up and move from cities that have hosted these banks for years and years and years.

This is not an excessive burden, Mr. Chairman. It is simply the responsibility of Congress to ensure that not only are we, if you will, the protectors of the corporate elite and large banking institutions, but we also respect the responsibilities that we have to the average Joe Consumer, whether that happens to be the small business consumer, the individual family who is seeking a home loan, or in individual accounts.

We know that the new kid on the block in our banking success stories is consumer banking. We know for a fact that we have had the opportunity to see our banks grow and thrive because of the fact that they have been basing their bottom line, their bottom black line, if you will, their success and profits on consumer banking. Why would we suggest that this is a burden to our credit unions or our banking institutions to be keenly sensitive to mergers and to make sure, in fact, that we have the opportunity to review this matter in a way that is appropriate for this body?

Again, it is a sense of Congress. That is all it is, gentlemen. Why in the world would we have a difficulty in a sense of Congress that does not in any way attempt to jeopardize the working relationship? It is not regulatory; it is a sense of Congress. Can we not have a commonality of viewpoints and response? I do not see why we cannot have an agreement on this. Again, it is a sense of Congress.

I want to just make this point, Mr. Chairman, if I can. The idea is that this is not isolated to one area versus another. All of us face mergers in our community. This is the next step of banks. We know that. For some reason they find it to be more accommodating to have these large institutions. This does not in any way undermine having a large institution. What it says is just be diligent to ensure that with respect to the sense of Congress that we ensure that these issues are covered.

I would ask my colleagues to support this amendment on behalf of rural America, urban America, suburban America, and on behalf of preserving the civic mindedness or at least paying attention to the civic mindedness that our banks provide.

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we are concerned about many of the same things the gentlewoman from Texas (Ms. JACKSON-LEE) is concerned about. We simply think that existing law addresses these concerns. And I have reiterated those.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. SWEENEY). The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) will be postponed.

It is now in order to consider Amendment No. 6 printed in House Report 108–439.

AMENDMENT NO. 6 OFFERED BY MRS. KELLY

Mrs. KELLY. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mrs. KELLY:

Page 108, after line 14, insert the following new title (and redesignate the subsequent title and sections and conform the table of contents accordingly):

TITLE VII—BUSINESS CHECKING FREEDOM

SEC. 701. SHORT TITLE.

This title may be cited as the ''Business Checking Freedom Act of 2004''.

SEC. 702. INTEREST-BEARING TRANSACTION ACCOUNTS AUTHORIZED FOR ALL BUSINESSES.

(a) Section 2 of Public Law 93–100 (12 U.S.C. 1832) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by inserting after subsection (a) the following:

''(b) Notwithstanding any other provision of law, any depository institution may permit the owner of any deposit or account which is a deposit or account on which interest or dividends are paid and is not a deposit or account described in subsection (a)(2) to make up to 24 transfers per month (or such greater number as the Board of Governors of the Federal Reserve System may determine by rule or order), for any purpose, to another account of the owner in the same institution. An account offered pursuant to this subsection shall be considered a transaction account for purposes of section 19 of the Federal Reserve Act unless the Board of Governors of the Federal Reserve System determines otherwise.''.

(b) Effective at the end of the 2-year period beginning on the date of the enactment of this Act, section 2 of Public Law 93–100 (12 U.S.C. 1832) is amended—

(1) in subsection (a)(1), by striking ''but subject to paragraph (2)'';

(2) by striking paragraph (2) of subsection (a) and inserting the following new paragraph:

''(2) No provision of this section may be construed as conferring the authority to offer demand deposit accounts to any institution that is prohibited by law from offering demand deposit accounts.''; and

(3) in subsection (b) (as added by subsection (a) of this section) by striking ''and is not a deposit or account described in subsection (a)(2)''.

SEC. 703. INTEREST-BEARING TRANSACTION ACCOUNTS AUTHORIZED.

(a) REPEAL OF PROHIBITION ON PAYMENT OF INTEREST ON DEMAND DEPOSITS.—

(1) FEDERAL RESERVE ACT.—Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended to read as follows:

''(i) [Repealed]''.

(2) HOME OWNERS' LOAN ACT.—The first sentence of section 5(b)(1)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by striking ''savings association may not—'' and all that follows through ''(ii) permit any'' and inserting ''savings association may not permit any''.

(3) FEDERAL DEPOSIT INSURANCE ACT.—Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows:

''(g) [Repealed]''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect at the end of the 2-year period beginning on the date of the enactment of this Act.

SEC. 704. PAYMENT OF INTEREST ON RESERVES AT FEDERAL RESERVE BANKS.

(a) IN GENERAL.—Section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)) is amended by adding at the end the following new paragraph:

''(12) EARNINGS ON RESERVES.—

''(A) IN GENERAL.—Balances maintained at a Federal reserve bank by or on behalf of a depository institution may receive earnings to be paid by the Federal reserve bank at least once each calendar quarter at a rate or rates not to exceed the general level of short-term interest rates.

''(B) REGULATIONS RELATING TO PAYMENTS AND DISTRIBUTION.—The Board may prescribe regulations concerning—

''(i) the payment of earnings in accordance with this paragraph;

''(ii) the distribution of such earnings to the depository institutions which maintain balances at such banks or on whose behalf such balances are maintained; and

''(iii) the responsibilities of depository institutions, Federal home loan banks, and the National Credit Union Administration Central Liquidity Facility with respect to the crediting and distribution of earnings attributable to balances maintained, in accordance with subsection (c)(1)(A), in a Federal reserve bank by any such entity on behalf of depository institutions.

''(C) DEPOSITORY INSTITUTIONS DEFINED.—For purposes of this paragraph, the term 'depository institution', in addition to the institutions described in paragraph (1)(A), includes any trust company, corporation organized under section 25A or having an agreement with the Board under section 25, or any branch or agency of a foreign bank (as defined in section 1(b) of the International Banking Act of 1978).''.

(b) AUTHORIZATION FOR PASS THROUGH RESERVES FOR MEMBER BANKS.—Section 19(c)(1)(B) of the Federal Reserve Act (12 U.S.C. 461(c)(1)(B)) is amended by striking ''which is not a member bank''.

(c) CONSUMER BANKING COSTS ASSESSMENT.—

(1) IN GENERAL.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended—

(A) by redesignating sections 30 and 31 as sections 31 and 32, respectively; and

(B) by inserting after section 29 the following new section:

''SEC. 30. SURVEY OF BANK FEES AND SERVICES.

''(a) ANNUAL SURVEY REQUIRED.—The Board of Governors of the Federal Reserve System shall obtain annually a sample, which is representative by type and size of the institution (including small institutions) and geographic location, of the following retail banking services and products provided by insured depository institutions and insured credit unions (along with related fees and minimum balances):

''(1) Checking and other transaction accounts.

''(2) Negotiable order of withdrawal and savings accounts.

''(3) Automated teller machine transactions.

''(4) Other electronic transactions.

''(b) MINIMUM SURVEY REQUIREMENT.—The annual survey described in subsection (a) shall meet the following minimum requirements:

''(1) CHECKING AND OTHER TRANSACTION ACCOUNTS.—Data on checking and transaction accounts shall include, at a minimum, the following:

''(A) Monthly and annual fees and minimum balances to avoid such fees.

''(B) Minimum opening balances.

''(C) Check processing fees.

''(D) Check printing fees.

''(E) Balance inquiry fees.

''(F) Fees imposed for using a teller or other institution employee.

''(G) Stop payment order fees.

''(H) Nonsufficient fund fees.

''(I) Overdraft fees.

''(J) Deposit items returned fees.

''(K) Availability of no-cost or low-cost accounts for consumers who maintain low balances.

''(2) NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNTS AND SAVINGS ACCOUNTS.—Data on negotiable order of withdrawal accounts and savings accounts shall include, at a minimum, the following:

''(A) Monthly and annual fees and minimum balances to avoid such fees.

''(B) Minimum opening balances.

''(C) Rate at which interest is paid to consumers.

''(D) Check processing fees for negotiable order of withdrawal accounts.

''(E) Fees imposed for using a teller or other institution employee.

''(F) Availability of no-cost or low-cost accounts for consumers who maintain low balances.

''(3) AUTOMATED TELLER TRANSACTIONS.—Data on automated teller machine transactions shall include, at a minimum, the following:

''(A) Monthly and annual fees.

''(B) Card fees.

''(C) Fees charged to customers for withdrawals, deposits, and balance inquiries through institution-owned machines.

''(D) Fees charged to customers for withdrawals, deposits, and balance inquiries through machines owned by others.

''(E) Fees charged to noncustomers for withdrawals, deposits, and balance inquiries through institution-owned machines.

''(F) Point-of-sale transaction fees.

''(4) OTHER ELECTRONIC TRANSACTIONS.—Data on other electronic transactions shall include, at a minimum, the following:

''(A) Wire transfer fees.

''(B) Fees related to payments made over the Internet or through other electronic means.

''(5) OTHER FEES AND CHARGES.—Data on any other fees and charges that the Board of Governors of the Federal Reserve System determines to be appropriate to meet the purposes of this section.

''(6) FEDERAL RESERVE BOARD AUTHORITY.—The Board of Governors of the Federal Reserve System may cease the collection of information with regard to any particular fee or charge specified in this subsection if the Board makes a determination that, on the basis of changing practices in the financial services industry, the collection of such information is no longer necessary to accomplish the purposes of this section.

''(c) ANNUAL REPORT TO CONGRESS REQUIRED.—

''(1) PREPARATION.—The Board of Governors of the Federal Reserve System shall prepare a report of the results of each survey conducted pursuant to subsections (a) and (b) of this section and section 136(b)(1) of the Consumer Credit Protection Act.

''(2) CONTENTS OF THE REPORT.—In addition to the data required to be collected pursuant to subsections (a) and (b), each report prepared pursuant to paragraph (1) shall include a description of any discernible trend, in the Nation as a whole, in a representative sample of the 50 States (selected with due regard for regional differences), and in each consolidated metropolitan statistical area (as defined by the Director of the Office of Management and Budget), in the cost and availability of the retail banking services, including those described in subsections (a) and (b) (including related fees and minimum balances), that delineates differences between institutions on the basis of the type of institution and the size of the institution, between large and small institutions of the same type, and any engagement of the institution in multistate activity.

''(3) SUBMISSION TO CONGRESS.—The Board of Governors of the Federal Reserve System shall submit an annual report to the Congress not later than June 1, 2005, and not later than June 1 of each subsequent year.

''(d) DEFINITIONS.—For purposes of this section, the term 'insured depository institution' has the meaning given such term in section 3 of the Federal Deposit Insurance Act, and the term 'insured credit union' has the meaning given such term in section 101 of the Federal Credit Union Act.''.

(2) CONFORMING AMENDMENT.—

(A) IN GENERAL.—Paragraph (1) of section 136(b) of the Truth in Lending Act (15 U.S.C. 1646(b)(1)) is amended to read as follows:

''(1) COLLECTION REQUIRED.—The Board shall collect, on a semiannual basis, from a broad sample of financial institutions which offer credit card services, credit card price and availability information including—

''(A) the information required to be disclosed under section 127(c) of this chapter;

''(B) the average total amount of finance charges paid by consumers; and

''(C) the following credit card rates and fees:

''(i) Application fees.

''(ii) Annual percentage rates for cash advances and balance transfers.

''(iii) Maximum annual percentage rate that may be charged when an account is in default.

''(iv) Fees for the use of convenience checks.

''(v) Fees for balance transfers.

''(vi) Fees for foreign currency conversions.''.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect on January 1, 2004.

(3) REPEAL OF OTHER REPORT PROVISIONS.—Section 1002 of Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and section 108 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 are hereby repealed.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—Section 19 of the Federal Reserve Act (12 U.S.C. 461) is amended—

(1) in subsection (b)(4) (12 U.S.C. 461(b)(4)), by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively; and

(2) in subsection (c)(1)(A) (12 U.S.C. 461(c)(1)(A)), by striking ''subsection (b)(4)(C)'' and inserting ''subsection (b)''.

SEC. 705. INCREASED FEDERAL RESERVE BOARD FLEXIBILITY IN SETTING RESERVE REQUIREMENTS.

Section 19(b)(2)(A) of the Federal Reserve Act (12 U.S.C. 461(b)(2)(A)) is amended—

(1) in clause (i), by striking ''the ratio of 3 per centum'' and inserting ''a ratio not greater than 3 percent (and which may be zero)''; and

(2) in clause (ii), by striking ''and not less than 8 per centum,'' and inserting ''(and which may be zero),''.

SEC. 706. TRANSFER OF FEDERAL RESERVE SURPLUSES.

(a) IN GENERAL.—Section 7(b) of the Federal Reserve Act (12 U.S.C. 289(b)) is amended by adding at the end the following new paragraph:

''(4) ADDITIONAL TRANSFERS TO COVER INTEREST PAYMENTS FOR FISCAL YEARS 2003 THROUGH 2007.—

''(A) IN GENERAL.—In addition to the amounts required to be transferred from the surplus funds of the Federal reserve banks pursuant to subsection (a)(3), the Federal reserve banks shall transfer from such surplus funds to the Board of Governors of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury, such sums as are necessary to equal the net cost of section 19(b)(12) in each of the fiscal years 2003 through 2007.

''(B) ALLOCATION BY FEDERAL RESERVE BOARD.—Of the total amount required to be paid by the Federal reserve banks under subparagraph (A) for fiscal years 2003 through 2007, the Board of Governors of the Federal Reserve System shall determine the amount each such bank shall pay in such fiscal year.

''(C) REPLENISHMENT OF SURPLUS FUND PROHIBITED.—During fiscal years 2003 through 2007, no Federal reserve bank may replenish such bank's surplus fund by the amount of any transfer by such bank under subparagraph (A).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 7(a) of the Federal Reserve Act (12 U.S.C. 289(a)) is amended by adding at the end the following new paragraph:

''(3) PAYMENT TO TREASURY.—During fiscal years 2003 through 2007, any amount in the surplus fund of any Federal reserve bank in excess of the amount equal to 3 percent of the paid-in capital and surplus of the member banks of such bank shall be transferred to the Secretary of the Treasury for deposit in the general fund of the Treasury.''.

SEC. 707. RULE OF CONSTRUCTION.

In the case of an escrow account maintained at a depository institution in connection with a real estate transaction—

(1) the absorption, by the depository institution, of expenses incidental to providing a normal banking service with respect to such escrow account;

(2) the forbearance, by the depository institution, from charging a fee for providing any such banking function; and

(3) any benefit which may accrue to the holder or the beneficiary of such escrow account as a result of an action of the depository institution described in subparagraph (1) or (2) or similar in nature to such action, shall not be treated as the payment or receipt of interest for purposes of this Act and any provision of Public Law 93–100, the Federal Reserve Act, the Home Owners' Loan Act, or the Federal Deposit Insurance Act relating to the payment of interest on accounts or deposits at depository institutions, provided, however, that nothing herein shall be construed so as to require a depository institution that maintains an escrow account in connection with a real estate transaction to pay interest on such escrow account or to prohibit such institution from paying interest on such escrow account. Nor shall anything herein be construed to preempt the provisions of law of any State dealing with the payment of interest on escrow accounts maintained in connection with real estate transactions.

The CHAIRMAN pro tempore. Pursuant to House Resolution 566, the gentlewoman from New York (Mrs. KELLY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I also want to thank the gentleman from Pennsylvania (Mr. TOOMEY) for his collaboration on this proposal and Members of the Committee on Rules for allowing this amendment to be considered today.

Most Americans with checking accounts would be shocked to learn that if they started their own business, any checking account they establish for that business would be prohibited from earning any interest. Yet that is the case today. Checking accounts held by small businesses are banned by Federal law from collecting the interest that money would earn if it were held by an individual.

The amendment I am offering addresses this matter and it has been pending before Congress for some time now. This body has actually passed this measure by voice vote not once, not twice, but actually three times; twice in the last Congress, and once earlier in the earlier year in this Congress.

Unfortunately, the job is not yet done. So I am coming again in the hope that we will finally be able to send this language to the President's desk.

The provisions in this amendment will go a long way in helping our main street banks and small businesses which are essential to growth and communities and our overall economy. The Business Checking Freedom Act contains a number of important provisions. First, it repeals the 70-year-old law prohibiting banks from paying interest on business checking accounts after a transition period. And while I believe it should be repealed entirely, a bipartisan group of Members have agreed that a proper transition period is necessary.

We are also aware of the potential impact of an outright repeal of the law. That is why a transition period is crucial. And we will continue to work to ensure that the needs of our smaller banks are being addressed. As a result, the legislation includes a 2-year transition period contained in the bill.

I would also like to say that I share and recognize the concerns of some Members with regard to the ILCs and will work with my colleagues, including the gentleman from Ohio (Mr. GILLMOR) and the gentleman from Massachusetts (Mr. FRANK) to achieve a remedy to the concerns that have been raised about the ILCs.

The legislation is important. It allows banks to increase money market deposits and savings account sweeps from the current 6 to 24 times a month. This gives banks an increase in their sweep activities, increasing the interest which businesses can make on their accounts.

The final provision gives the Federal Reserve the opportunity to pay interest on the reserves that the banks need to keep within the Federal Reserve system. And Chairman Greenspan has repeatedly testified that he is in favor of this provision.

It also gives the Fed the flexibility to lower reserve requirements, which enables the Fed to have greater control to maintain reserves at specific and consistent levels. This language will help foster healthy receiver balances and reduce the potential for volatility within the bank Federal funds rate protecting the Federal Reserve's ability to conduct monetary policy.

Quite simply, this legislation is about creating a new and broader market option and supporting our small businesses at the same time. The amendment allows banks to pay interest on business checking accounts and increase sweeps activities. The amendment also allows the Fed to pay interest on the sterile reserves that banks are required to keep with them and lower reserve requirements.

The amendment does not require or mandate anything. It allows the market to create change and not the government.

I want to thank the gentleman from Pennsylvania (Mr. TOOMEY) once again for working so closely with me on this proposal. I thank Members for considering, once again, this important legislation. I have been working on it for many years. I really am pleased to be able to bring it to the floor.

I ask my colleagues on both sides of the aisle to join me in strong support for this commonsense amendment that will help banks and small businesses fuel the economy.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, in the apparent absence of anyone in opposition, I would ask for the time.

The CHAIRMAN pro tempore. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is, as I think has been made clear, a bill that has already passed the House. Clearly the former reasons for the prohibition on interest on business checking accounts no longer make sense in light of the current economy.

I appreciate the gentlewoman from New York (Mrs. KELLY) alluding to the issue of the ILCs. When we had originally dealt with this, it had been my hope as this bill went forward in the other body, the compromise we had adopted could be considered there. For a variety of reasons this did not go forward in the other body. And the rules prohibit me from commenting on whether or not anyone ought to be surprised by the absence of that progress, so I shall not.

But this, once again, we hope will go forward; because it is, I think, an important thing especially, as has been clear, for the small businesses. Interest on their checking accounts, if you are a smaller business and you have to maintain a large percentage of your funds in checking accounts for a variety of reasons, then the lack of interest could become a significant factor.

So I hope that this will ultimately pass, but I do hope that the ILC issue will get some further attention.

Mr. Chairman, I yield back the balance of my time.

Mrs. KELLY. Mr. Chairman, I yield my remaining minute to the gentleman from Pennsylvania (Mr. TOOMEY.)

Mr. FRANK of Massachusetts. Mr. Chairman, I ask unanimous consent to reclaim my time, and I also yield 1 minute to the gentleman from Pennsylvania (Mr. TOOMEY).

The CHAIRMAN pro tempore. Without objection, the gentleman from Massachusetts may reclaim his time.

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Pennsylvania (Mr. TOOMEY) is recognized for 2 minutes.

Mr. TOOMEY. Mr. Chairman, I would like to thank my colleague, the gentlewoman from New York (Mrs. KELLY), as well as my colleague, the gentleman from Massachusetts (Mr. FRANK) for kindly yielding time.

Certainly I rise in strong support of this amendment. I want to congratulate the gentlewoman from New York (Mrs. KELLY) for her leadership on this issue for a number of years.

This amendment simply is going to help small businesses. It is going to help small banks. It is going to help promote a rational allocation of resources and a free economy. It makes a lot of sense. In fact, it is hard to believe we ever passed a law that said it ought to be illegal to pay interest on deposits, any kind of deposits. But that is the fact. It is on the books. And I am hoping that today we take a big step in the direction of repealing this ban.

This amendment itself really reflects the confluence of two separate bills, one that I had introduced, one that the gentlewoman from New York (Mrs. KELLY) had introduced. And together they really simply amount to a commonsense reduction of long-outdated, unnecessary regulations.

Again, the people that are most harmed by the current regulation are the people operating small businesses, the people who have modest accounts, the people who have not got sophisticated Treasury operations to circumvent the regulations, and the people who therefore really need this help.

It will help small businesses do a host of things that they could do with a little more resources, whether it is hiring another employee, whether it is buying some more equipment, defraying other costs, it just makes a lot of sense.

I should observe that the Federal Reserve and the Treasury Department both fully support this legislation for a variety of reasons, not the least of which it will make banking services less expensive, more directly responsive to customers' needs, and basically every industry group that has looked at this legislation supports it as well, from the U.S. Chamber of Commerce, the NFIB, America's Community Bankers, to the Association for Financial Professionals. Pretty much there is a broad consensus that this is just a commonsense thing to do.

So I, again, would like to thank the gentleman from Massachusetts (Mr. FRANK) for his cooperation, the gentlewoman from New York (Mrs. KELLY) for her years of service on this issue. I urge my colleagues to adopt this amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentlewoman from New York (Mrs. KELLY).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mrs. KELLY. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from New York (Mrs. KELLY) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: amendment number 4 offered by the gentleman from New York (Mr. WEINER); amendment number 5 offered by the gentlewoman from Texas (Ms. JACKSON-LEE); and amendment number 6 offered by the gentlewoman from New York (Mrs. KELLY).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 4 OFFERED BY MR. WEINER

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from New York (Mr. WEINER) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 167, noes 255, not voting 11, as follows:

[Roll No. 66]

AYES—167

Abercrombie
Ackerman
Andrews
Baca
Baird
Baldwin
Ballance
Barton (TX)
Becerra
Bell
Berkley
Berman
Bishop (NY)
Blumenauer
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Chandler
Clay
Clyburn
Conyers
Costello
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Jo Ann
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Doyle
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gephardt
Green (TX)
Greenwood
Grijalva
Gutierrez
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hoyer
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kleczka
Lampson
Langevin
Lantos
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lynch
Majette
Maloney
Markey
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mollohan
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Otter
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (PA)
Platts
Price (NC)
Rangel
Reyes
Rodriguez
Rothman
Roybal-Allard
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Scott (VA)
Serrano
Simpson
Slaughter
Smith (NJ)
Solis
Spratt
Stark
Strickland
Stupak
Tauscher
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—255

Aderholt
Akin
Alexander
Allen
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Bereuter
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (UT)
Blunt
Boehlert
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carter
Case
Castle
Chabot
Chocola
Coble
Cole
Collins
Cooper
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis (FL)
Davis (TN)
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dooley (CA)
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hooley (OR)
Hostettler
Houghton
Hulshof
Hunter
Hyde
Inslee
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Larsen (WA)
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Marshall
McCarthy (MO)
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Moore
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Oxley
Paul
Pearce
Pence
Peterson (MN)
Petri
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Royce
Ruppersberger
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Schrock
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shuster
Simmons
Skelton
Smith (MI)
Smith (TX)
Snyder
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
Tanner
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Tiahrt
Toomey
Turner (OH)
Upton
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weller
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—11

Blackburn
Boehner
Harman
John
Kucinich
Shimkus
Smith (WA)
Tauzin
Tiberi
Weldon (PA)
Whitfield

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. SIMMONS) (during the vote). Members are notified there are 2 minutes remaining in this vote.

□ 1340

Ms. EDDIE BERNICE JOHNSON of Texas and Messrs. VITTER, BERRY, CANNON, PETRI, POMEROY and ISSA changed their vote from ''aye'' to ''no.''

Mr. OWENS and Mr. PALLONE changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XV, the remainder of votes in this series will be conducted as 5-minute votes.

AMENDMENT NO. 4 OFFERED BY MS. JACKSON-LEE OF TEXAS

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on amendment No. 4 offered by the gentlewoman from Texas (Ms. JACKSON-LEE) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 194, noes 225, not voting 14, as follows:

[Roll No. 67]

AYES—194

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bell
Bereuter
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Boswell
Brady (PA)
Brown (OH)
Brown, Corrine
Camp
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Chandler
Clay
Clyburn
Costello
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Doyle
Duncan
Edwards
Ehlers
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gephardt
Gonzalez
Green (TX)
Grijalva
Gutierrez
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Leach
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lynch
Majette
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pence
Pomeroy
Porter
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shays
Sherman
Skelton
Slaughter
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Wamp
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—225

Akin
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blumenauer
Blunt
Boehlert
Bonilla
Bonner
Bono
Boozman
Boucher
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole
Collins
Cooper
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dooley (CA)
Doolittle
Dreier
Dunn
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hostettler
Houghton
Hulshof
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Maloney
Manzullo
Markey
Marshall
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ruppersberger
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
Tanner
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Toomey
Turner (OH)
Vitter
Walden (OR)
Walsh
Weldon (FL)
Weller
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—14

Blackburn
Boehner
Conyers
Harman
Hunter
John
Kucinich
Lewis (CA)
Shimkus
Smith (WA)
Tauzin
Tiberi
Weldon (PA)
Whitfield

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. SWEENEY) (during the vote). Members are advised 2 minutes remain in this vote.

□ 1348

Mr. WAMP and Mr. DUNCAN changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 6 OFFERED BY MRS. KELLY

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentlewoman from New York (Mrs. KELLY) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 418, noes 0, not voting 15, as follows:

[Roll No. 68]

AYES—418

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bell
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blumenauer
Blunt
Boehlert
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Castle
Chabot
Chandler
Chocola
Clay
Clyburn
Coble
Cole
Collins
Cooper
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Foley
Forbes
Ford
Fossella
Frank (MA)
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gephardt
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grijalva
Gutierrez
Gutknecht
Hall

Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (TX)
Snyder
Solis
Souder
Spratt
Stark
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tierney
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weller
Wexler
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—15

Blackburn
Boehner
Carter
Conyers
Goss
Harman
John
Kucinich
Shimkus
Smith (NJ)
Smith (WA)
Tauzin
Tiberi
Weldon (PA)
Whitfield

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Members are advised 2 minutes remain in this vote.

□ 1356

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. SIMPSON) having assumed the chair, Mr. SWEENEY, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1375) to provide regulatory relief and improve productivity for insured depository institutions, and for other purposes, pursuant to House Resolution 566, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BACHUS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 15-minute vote on final passage will be followed by two 5-minute votes on the motions to suspend the rules that were debated yesterday.

The vote was taken by electronic device, and there were—yeas 392, nays 25, not voting 16, as follows:

[Roll No. 69]

YEAS—392

Ackerman
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bell
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Blunt
Boehlert
Bonilla
Bonner
Bono
Boozman
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Carter
Case
Castle
Chabot
Chandler
Chocola
Clay
Clyburn
Coble
Cole
Collins
Costello
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeGette
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Foley
Forbes
Ford
Fossella
Frank (MA)
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gephardt
Gerlach
Gibbons
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grijalva
Gutierrez
Gutknecht
Hall
Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
LaTourette
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Marshall
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McGovern
McHugh
McInnis
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Myrick
Nadler
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Oberstar
Obey
Olver
Ortiz
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sandlin
Saxton
Schakowsky
Schiff
Schrock

Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Snyder
Solis
Souder
Spratt
Stark
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tierney
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weller
Wexler
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—25

Bereuter
Bishop (UT)
Boswell
Cooper
DeFazio
Delahunt
Evans
Gilchrest
Hinchey
Kanjorski
King (IA)
Latham
Leach
Lewis (GA)
Markey
Matheson
McDermott
Musgrave
Nussle
Osborne
Royce
Sanders
Slaughter
Taylor (MS)
Terry

NOT VOTING—16

Abercrombie
Aderholt
Blackburn
Boehner
Conyers
Crowley
Dunn
Harman
John
Kucinich
Shimkus
Smith (WA)
Tauzin
Tiberi
Weldon (PA)
Whitfield

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are advised that 2 minutes remain in this vote.

□ 1414

Mr. EVANS changed his vote from ‘‘yea’’ to ‘‘nay.’’

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 1375, FINANCIAL SERVICES REGULATORY RELIEF ACT OF 2003

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that in the engrossment of H.R. 1375, the Clerk be authorized to correct section numbers, punctuation, and cross-references and to make such other technical and conforming changes as may be necessary to accurately reflect the actions of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Without objection, the next votes will be 5-minute votes.

There was no objection.

COUNTER-TERRORIST AND NARCO-TERRORIST REWARDS PROGRAM ACT

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 3782, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Florida (Ms. HARRIS) that the House suspend the rules and pass the bill, H.R. 3782, as amended, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 414, nays 0, not voting 19, as follows:

[Roll No. 70]

YEAS—414

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bell
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blumenauer
Blunt
Boehlert
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carter
Case
Castle
Chabot
Chandler
Chocola
Clay
Clyburn
Coble
Cole
Collins
Cooper
Costello
Cramer
Crane
Crenshaw
Crowley
Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Foley
Forbes
Ford
Frank (MA)
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gephardt
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grijalva
Gutierrez
Gutknecht
Hall
Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Snyder
Solis
Souder
Spratt
Stark
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tierney
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—19

Blackburn
Boehner
Carson (OK)
Conyers
Cox
Deal (GA)
Fossella
Harman
Hinchey
Hostettler
John
Kucinich
Markey
Shimkus
Smith (WA)
Tauzin
Terry
Tiberi
Whitfield

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are advised that 2 minutes remain in this vote.

□ 1422

So (two thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.